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## WEST EUROPE REPORT

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## VALBON ON COAL POLICY: PRODUCTION, COMPETITIVENESS, FINANCING

Paris L'HUMANITE in French 6 Sep 82 p 8

[Interview with Georges Valbon, president of the French Coal Board (CDF), by Patrick Lavilleon of the ENERPRESSE agency, on French coal policy and the means at the disposal of the CDF; time and place not specified]

[Text] Questioned by Patrick Lavilleon (ENERPRESSE) on what commitments have been made on the subject of national coal production, Georges Valbon said, in part:

[Answer] The coal dossier is a complex one, in which a whole group of factors are acting upon each other. The desire for recovery is real, it is tantamount to a political choice on the part of the government. But its only means of expression is the development of investment for the future. Extracting coal is a very heavy operation. The effects of decisions taken concerning investment will only be felt very slowly, which is sufficient indication that these decisions must be taken swiftly, and we are doing that...

Today the state says it is interested, as a shareholder, in participating in investment, and various formulas are being studied as part of the preparation for the expected program contract between now and the end of this year. But for the present, and no one likes to wait, the legacy of the past weighs very heavily. This explains why a certain decline in production is predictable this year in comparison to last year, and why 20 million tons will probably be approached but probably not actually reached.

The conclusions are simple. It is necessary to begin right away by stabilizing production and doing it in such a way that it will then be possible to get off on the right foot. As was said in the working argument recently sent to the government to aid in preparing the program contract, national production "represents obvious wealth for the country, because of the jobs it maintains, the foreign currency savings it procures and its participation in securing our energy supply."

National coal is one of the few assets we have in France that permit us to win back, partially but decisively, the country's energy market. It is an element of national independence and a guarantee of supply for a whole series of activities...

The world has changed a lot in 10 years, the energy scene has changed considerably. However, you hear it repeated daily that French coal is too expensive, and even much too expensive. Today, though, comparisons are far from bearing this statement out.

During the first four months of this year, for example, the most recent precise statistic we have, the EDF [French Electric Company], which is the largest French consumer of coal, paid for the national coal it uses 422 francs per ton, whereas the price of imported coal varied between 420 and 468 francs. American coal, which is so highly praised, is at the top of the range. Only South African coal is cheaper, but the least that can be said is that it raises an obvious political problem and I refuse to include it in a comparison.

### A Mountain of Coal

After reaffirming his agreement with the hope for a national coal production of 30 million tons by 1990, Georges Valbon stated:

[Answer] I have received a letter outlining my mission, sent by my supervising ministers jointly with the general director of the Coal Board. The letter does not state the national coal production objective as such, but refers to the consumption of coal in the nation, including consumption of imported coal. The idea of establishing a relationship between national production and coal consumption is a good idea and the figures mentioned in this connection are contradictory only if there is no intention of lifting the contradiction in the end. Because coal consumption prospects in France by 1990 have been figured in a range of 53 to 60 million tons, half of which will be French coal.

I mean to say that if consumption declines, national production will be relatively lower also, because the reasoning has tied production to consumption. Such a way of looking at things implies a fatalistic evaluation of consumption, and I for one totally reject fatalism. It is true that coal consumption raises problems, but those problems can be solved, all the more so because significant technical progress has taken place in this field, and continues to take place...

I am not against the idea that is currently being put forward, of having the Coal Board participate in a financing company that would contribute part of the funds necessary for industrial user investment, such as local collectives.

Moreover, among the very large consumers of coal such as the EDF and the steel companies, the problems involved are basically problems of adjustment and equilibrium. It is not natural for Lorraine steel to continue to use large quantities of German coal when the coke produced from Lorraine coal has so much trouble finding buyers. It is also hard to understand why the EDF is importing two thirds of its coal when Coal Board supply is increasing.

In the end there is the expressed desire in the nation for a renaissance of steel, and the EDF is going to begin its nuclear phase. The outlets open to national coal remain to be evaluated in this vision of the future. Socially, economically, financially and technically, national coal is to be considered a fulcrum and a guarantee of nuclear energy. We are going to try to draw conclusions from it, in the search for the best possible equilibrium between the EDF and the Coal Board.

That equilibrium, those equilibriums, depend directly on production in the broadest sense. France is a mountain of coal, but its slopes are more or less steep. The conditions for production appear to be very different, depending on the region, and this is true even within the coal-bearing basins. Lorraine lends itself very well to

modern methods of exploitation, the North not very well, and the South Central is between the two extremes--open-face production excepted, of course. The opening of new sites is to be placed in this context, especially Jura.

There is coal--a lot of coal--in the North. Only it is hard to extract and exploit. The easiest to get to is gone, the deposits are complex and the veins are impeded. Obviously this justifies a preoccupation with the future of the basin while going beyond the traditional approach. For tomorrow, underground gasification (in situ) might be one good answer, when the technology has been perfectly mastered. In the immediate future, above-ground gasification (ex situ) is interesting enough to concern not only the North, but also Lorraine, and why not Provence?...

The Coal Board has presented concrete proposals for investment, for example increasing the capacity of La Houve, site saturation and modernization of the washers in Lorraine, increased production in Provence, opening up a mine at Carmaux, realization of the Mazingarbe project in Pas-de-Calais, etc....

All of this illustrates the validity of the three principal directions the French Coal Board could take for the future: production, consumption and foreign supply.

#### The Question of Competitiveness

Georges Valbon then explained the need to promote national coal and the means required to do so:

[Answer] What is really needed is money, even if it is just to be reinvested to start up the machinery. That's why no one can claim that the Coal Board is a bottomless pit. That's just bad propaganda. All countries subsidize their coalmines, from Germany to our own gates to faraway Japan. However, there are subsidies and subsidies. In France, everything has been wildly mixed up to make the record as murky as possible. Clarity is required, so that each shoulders his responsibility when the program contract is signed by the Coal Board and the state.

For years the Coal Board and the coalmines have been presented falsely as terminally ill and in need of care. I do not have the mentality of an invalid, nor is national coal in need of nursing care. The Coal Board needs to become a large group that is financially and socially balanced, with competitive management, with constantly increasing productivity. I believe in the Coal Board's competitiveness. However, it is possible only if various measures are taken which do not depend only on me but for which I am working. The past must be audited. The Coal Board's balance sheet must be stabilized.

Let me take two examples, Social Security and HLM [Low-Cost Housing Program] housing. It is a fact that in France Social Security is in a deficit situation. But it is a fact that this deficit's cost has not been borne by business firms in proportion to the number of salaried workers they have. However, such is the case with the Coal Board, which must pay for the miners' Social Security deficit. The matter goes a long way because to Social Security is added the retirees. There are 59,000 contributors to 230,000 retirees.

The second example is housing. When here and there an HLM association must renovate its housing units, the financing of their employees' housing is not provided by the



business firms themselves. The Coal Board does it, and there again a whole group of attached dossiers comes along as an extra: road maintenance projects, schools, hospitals and even churches. The Coal Board's property inventory includes 145,000 housing units.

Taken as a whole, the Coal Board's deficit in reality draws concurrently on several sources of deficit that are not at all scandalous in themselves, but which do not appear on the balance sheet of most of the large firms, and on none of this size. The professional training, as indispensable as the rest of them, proceeds from this movement. It is proper, then, to remove from the balance sheet what has no place there. Because once the balance has been put back in order, its good appearance must be preserved.

The problem of financing investment must be permanently resolved, which does not rule out transitions. The state is conducting a policy of great works and reconstituting national production could be fitted into it. The intervention of the banking sector, which is now nationalized, also appears to be a possibility. It goes without saying that there are others. As for the inclusive subsidy per produced ton, traditionally counted in kilotherms, its figure should be updated for the best interests of the economic and monetary situation. If Parliament were to write such an updating into the next finance law, it is clear the the Coal Board's situation would be greatly improved.

Having confidence in the decisions to be taken by the Parliament and the government, it is my duty to defend both national coal and the Coal Board. Not only because this is my responsibility, but simply because I believe in them. France's energy independence is inconceivable without calling for national production. It is not my intention to act alone. In that connection, I affirm that the miners' proposals will be listened to with the greatest attention, as will be those of the coal mines and the Coal Board at all levels of the hierarchy.

I don't think it is possible to put the Coal Board back on the right road without the participation of the interested parties. This is my profound conviction.

8946

CSO: 3100/959

## SPIE BATIGNOLLES SUBSIDIARY GETS OFFSHORE SUPPORT SHIP

Paris LES ECHOS in French 29 Sep 82 p 12

[Article by P.A.: "Spie Offshore Gets a Dynamic-Positioning Ship"]

[Text] Spie Offshore, a specialized subsidiary of Spie Batignolles whose activities consist essentially in assistance in underwater projects, is going to expand its field of action. Associated with Progemar, a Provencal maritime-management company whose headquarters is in Marseille, it has just acquired a dynamic-positioning ship, the "Abeille Supporter," which is to serve as support for offshore working equipment.

A joint subsidiary, Spimar (52-percent Progemar, 48-percent Spie Offshore), owns the boat. Nautical management of the ship has been assigned to the Abeilles International company, a subsidiary of Progemar, and Spie Offshore has chartered the "Abeille Supporter" for 2 years.

This ship, the "Seaway Hawk" from the Norwegian company Stolt Nielsen, is the first dynamic-positioning ship flying the French flag and manned by an international crew. It is equipped with the most modern electronic installations.

Spie Offshore groups the maritime activities of Spie Batignolles as well as those of various companies that have been absorbed--among others, Anchor-Systemes, Intersub.

As for Abeilles International, which is a 100-percent Progemar subsidiary, it specializes in high-seas operations, and it has 13 coastal and ocean-going towboats, of 2,000 to 16,000 HP, and 7 submersible and ballastable barges with deadweight capacity from 400 to 17,000 tons, for transport of bulky items. The company also has a mission in protection of the French littoral, with three super-towboats of 16,000 to 23,000 HP, which are based at, respectively, Cherbourg, Brest and Toulon and operate under the control of the maritime prefects. Abeilles International, whose operational headquarters is at Dunkerque, had a turnover of Fr 200 million in 1981 and has 250 personnel.

11267

CSO: 3519/36



## BUDGET BILL SUBMITTED TO PARLIAMENT STRESSES SAVINGS

Helsinki HUFVUDSTADSBLADET in Swedish 18 Sep 82 pp 11-13

[Excerpts] Yesterday Parliament received a proposed budget for next year that is characterized by a clear effort to limit the growth of spending and inflation. The budget bill is described as "meager," but it can scarcely be branded a poor man's budget. No major new reforms or other extravagances are offered, but neither are any major cutbacks.

There is even enough money for many obvious improvements.

To a large extent, that may be due to the fact that borrowing has once again been allowed to rise noticeably. The proposed budget, which totals 72.1 billion marks, will be balanced by borrowing 8.9 billion marks. The cost of servicing the national debt will rise next year by a full 33 percent. The national debt totals 32 billion marks.

Especially in the Ministry of Finance, that development is viewed as extremely disturbing. Henceforth it will be necessary to thin out the expenditure side even more severely. This could make it very difficult to put together the 1984 budget. But this year it turned out to be easier than expected to produce a budget in which the red pencil was obviously used.

But neither the national debt nor the other prospects for the 1984 budget caused any major debate when the government held a press conference yesterday on the budget. That is probably due mainly to the fact that no one knows yet who will be putting the next budget proposal together. As is known, parliamentary elections will be held in March.

The present government has therefore chosen to slow down the increase in spending and in inflation. Compared to the budget for the current year, expenditures are rising by 11 percent. The corresponding increase a year ago was 16 percent.

Curbing inflation is aimed at strengthening competitiveness and, as a result, employment as well. The budget has been put together in such a way as to facilitate higher real earnings as well as improved competitiveness--provided that the partners in the income policy accept the government's wishes for a very restrained approach to wage increases.

## Rise in Real Wages Possible

Preparations are being made for a moderate wage agreement by proposing that the tax tables and tax deductions be adjusted by 9 percent to allow for inflation and that government rates, fees, and tariffs be raised by only 5 percent. It is hoped that inflation can be reduced to 7 percent next year.

All of that would make it possible to increase real wages by 2.5 percent and real disposable household incomes by 3 percent.

For that to happen, the organizations will have to go along with the government's conditions. In a sense, therefore, the organizations have been put under pressure. If the considerably restrained wage agreements being hoped for--that is, providing hardly any wage increases at all--are rejected and wage increases exceed the bounds set by the government, the government's fees, rates, and tariffs can be expected to rise even further. That was made clear by both Prime Minister Kalevi Sorsa and Minister of Finance Ahti Pekkala yesterday. There is no wish to talk about a "threat" in this connection. But as a matter of honesty, it is good for the organizations to know how matters stand.

The government is still optimistic, however, about the possibilities for getting the desired austerity line accepted. It is expected that even the organizations will see their responsibility.

According to Sorsa, the organizations will also accept the circumstance that in its budget proposal, the government has modified the so-called Pekkanen agreement by restricting health insurance and maternity benefits to some extent.

In that connection, the ministers belonging to the Finnish People's Democratic League [DFFF] stressed their view that the government should in no way limit the organizations' freedom of action. According to Minister of Labor Jouko Kajanoja, the organizations will surely recognize where their responsibility lies even without the government's supervision.

Par Stenback, minister of foreign affairs and chairman of the SFP [Swedish People's Party], believes that the government's willingness to try to facilitate as far as possible the reaching of decisions by the labor market partners will continue in the future.

## Unemployment Up

How to overcome unemployment is and will remain the government's biggest headache. It is assumed in the budget proposal that productivity will rise by 2.5 percent next year, compared to only 1 percent this year. But most of that increase will occur during the last half of 1983, and not until then will the employment picture begin to improve. Since the change for the better will be a long time in coming, the average unemployment rate is expected to climb even higher from this year's level to a full 6.8 percent next year.

As Minister of Finance Pekkala pointed out yesterday, however, that figure is clearly below the average unemployment level in the other OECD countries, where unemployment stands at about 9 percent.

The hope, therefore, is that the employment situation can be improved through a restrained income policy. To some extent, the proposed budget also calls for increasing direct measures for promoting employment. According to Pekkala, the results of those measures will affect a total of about 91,000 people next year, or 6,900 more than this year. The budget also provides for hiring a total of just over 5,000 new employees in the central and local governments.

The Finnish People's Democratic League had previously expressed dissatisfaction with the employment measures, which it considers completely inadequate. It is placing big hopes, however, in the supplementary budget being planned for the fall, in which the expressed intention is to relieve unemployment next winter.

The budget's calculations in the economic area are based to some extent on uncertain judgments as to how the economic situation will develop. One element of uncertainty in this respect concerns possible developments in neighboring Sweden. For example, a devaluation in Sweden could have far-reaching consequences for Finland's economy.

Despite the generally barebone figures, the proposed budget provides for continued expansion in the areas of child day care and national health work.

#### The Budget in Figures

<u>Expenditures</u>	<u>Millions of marks</u>	<u>Percent of increase</u>
General administration	3,982	14
Public order and security	2,673	12
Defense	4,187	17
Education, science, culture	12,338	13
Health	6,773	11
Social security	10,889	16
Housing and community facilities	3,898	12
Manpower	1,790	13
Agriculture and forestry	6,514	-15
Communications	6,799	10
Industry and other economic areas	2,606	11
Other purposes (including national debt)	9,658	24
Total expenditures	72,106	11
<u>Revenues</u>		
Taxes	55,750	8
Miscellaneous revenues	3,888	3
Interest, dividends, and share in profits of state banking establishments	1,518	26
State enterprises	1,208	21
Debts	9,743	34
Total revenues	72,107	11

## Sizable Aid to Developing Countries

A surprisingly large amount of money is also being allocated to development aid. That appropriation is being increased by 22 percent to 919 million marks, or 0.37 percent of the GNP. The objective of the Ministry of Foreign Affairs was 0.38 percent. According to Par Stenback, minister of foreign affairs, it was remarkable that the government was able to reach agreement on such a big increase.

Stenback says that under those conditions, it will still be possible by 1988 to raise the level of development aid to 0.7 percent of GNP, which is the figure recommended by the United Nations.

## Coastal Channel

From the Finno-Swedish standpoint, the proposed budget is "quite good," considering the tough economic realities that prevail. Of the new features squeezed into the proposal despite everything, a not inconsiderable number are of importance to the Swedish-speaking population.

In that connection, Minister of Justice Christoffer Taxell mentioned the special appropriation for the coastal channel. The budget sets aside 3.1 million marks for "the start of construction on the first transmitting station on Mount Botom in Kristinestad and for program planning and procurement." The initial request from the SFP ministers was for 9 million marks. The Ministry of Communications recommended 5 million. The Ministry of Finance felt that only 100,000 marks would be sufficient for continued planning. And the final result was an appropriation of 3.1 million marks.

Taxell said, with reference both to the amount of the appropriation and to the wording in the explanatory statement, that "this must mean that the Finnish Broadcasting Corporation is now going to work on the project in earnest."

The SFP ministers also pointed to the reduction in the excise tax on cigars as another positive step, since it is hoped that this reduction will save many jobs at the tobacco factory in Jakobstad. The Aland Parliament's appropriation has also been tidied up, and it is noted that 2 million marks have been set aside to provide an icebreaking ferry for service between Korpo and Houtskar.

The SFP ministers are less pleased with the budget for institutes of advanced studies. It was pointed out that "it is obvious that that ministerial post is not held by a [Finland] Swede." The fisheries budget also has shortcomings. But there is no reason for really big disappointment in Swedish-speaking quarters.

## Unity Required in Parliament

The government seems to expect that Parliament will approve the budget without any major difficulties. According to Prime Minister Kalevi Sorsa, the coalition parties need to stick together on all essential points--and even the Finnish People's Democratic League is expected to support the budget bill. The DFFF



did not contradict that claim yesterday, but it continued to express the hope that the coalition parties would find it possible to agree among themselves on improvements.

#### But no Unity on Ministry of Environment

The requirement for unity naturally does not apply to the controversial Ministry of Environment. In accordance with the will of the government's nonsocialist majority, it is being proposed that the said ministry be set up on 1 October of next year on what is called a narrow base. The leftwing parties in the government have recommended and voted for the so-called broad model, which would include planning, housing, and construction functions. As a result, the final decision on the ministry's sphere of activity will undoubtedly be reached in Parliament after the vote.

But regardless of whether the narrow or the more extensive model is chosen, there will be no effect on the final budget figure. The reason is that it will involve simply a transfer of the already existing agencies from some of the old ministries to that new ministry.

#### A Slight Upturn--Maybe

The economic forecasts forming the basis of the government's proposed budget are extremely unreliable this year.

According to Pertti Sorsa, head of the Ministry of Finance's Economic Department, recent forecasts have been causing one disappointment after the other. As an example, this year's increase in our most important export markets was expected to rise to 2 percent, but now it looks as though it will amount to only 0.5 percent. Despite that, there is cautious belief in a slight upswing next year.

Economic growth in Finland itself also fell below expectations. Total production rose by only 1 percent, while it was expected a year ago that it would climb by 2 percent. This means that the unemployment figure is also somewhat higher than expected. It is estimated to total 6.5 percent for 1982, meaning that it has climbed steadily since 1980.

In the struggle against inflation, however, we have fared somewhat better. Inflation is estimated at 8 percent for the 12-month period beginning in December 1981. A year ago, that figure was expected to amount to 9.5 percent. The rate of inflation has therefore slowed down and is almost the same as in the most important countries against which we compete.

#### Competitiveness

At the same time, our competitiveness has weakened considerably and is now between 9 and 14 percent lower than before, depending on how it is calculated.

The economic outlook for 1983 is characterized by uncertainty. It is believed, however, that business conditions will improve in general. If the restrictive monetary policies in certain important industrial countries are not eased, the



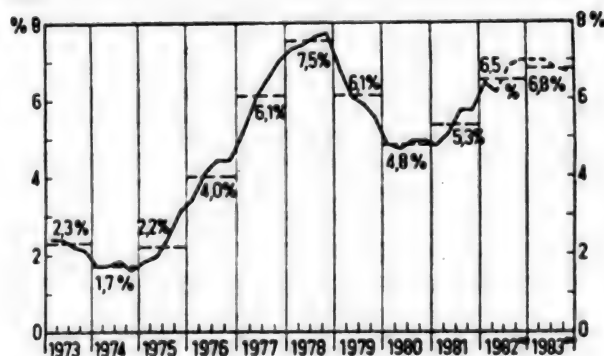
upturn may be delayed. There is a need in the rest of the world to replenish stocks of raw materials, with the result that the price of raw materials may begin to climb steeply. And that, in turn, may result in faster inflation, which will weaken the possibilities for growth.

In such a situation, our ability to compete in price is of great importance. If the increase in production costs is not halted, our competitiveness will be further weakened. If the rise in exports to the West slows down--and since exports to the Soviet Union cannot be increased because of the trade balancing problem--the profitability of the firms will be weakened, meaning that the propensity to invest will also decline. The inescapable consequence will be a slow rise in total production and a further increase in unemployment.

In its forecast for next year, the government's budget proposal assumes that the upswing will be slight. The growth in total production has remained at 1 percent this year. But the government is counting on the growth rate to rise next year, with the result that next year's rate of increase will be 2.5 percent.

Such a growth rate will not bring any improvement in employment. The number of unemployed is expected to rise to 157,000 this year, or 6.5 percent of the work force. Next year the supply of manpower will decline somewhat, while the number of employed will remain unchanged. The rate of unemployment is therefore expected to increase to a level just under 7 percent. The situation will improve somewhat after the middle of next year, and fewer people will be unemployed during the last part of 1983 than during the same period this year.

Unemployment Rate as a Percentage of the  
Work Force (not seasonally adjusted) by  
Quarter, according to the Manpower Survey



## Increased Exports to the West

No big changes are expected in the balance of foreign trade. The surplus in the trade balance and the balance of current payments will be positive, even if it declines somewhat. According to the government's survey, we will have a surplus of 400 million marks in the trade balance next year, while the surplus on current account will be 100 million marks.

On the export side, trade with the West is expected to recover to some degree. The increase will affect primarily the forest industry, whose export volume is expected to rise by 6 percent. On the other hand, the metal industry's exports will decline somewhat. The total increase in exports will be slowed, however, by problems in balancing our trade with the East, and the total volume of goods exported is expected to rise by only 2 percent.

But the growth forecast assumes that our competitiveness will be strengthened and that the surplus in our trade with the East will be resolved by means other than sharp cutbacks. If those assumptions turn out to be wrong, the volume of exports will not rise at all next year.

## Inflation To Decline

The government is presenting fairly optimistic figures on the subject of inflation. It is forecasting a rise of 6.5 percent in consumer prices between December 1982 and December 1983. That forecast is based, however, on the assumption that there will be a very moderate wage agreement. The current collective bargaining agreements, most of which are 2-year contracts, will remain in effect until February 1983. According to calculations by the Ministry of Finance, there is room for increasing the earnings level for wage earners by 9.5 percent. But wage agreements already signed, combined with wage drift, have probably already increased such earnings by 8 percent. According to that calculation, real wages would therefore rise by 2.5 percent next year. The corresponding increase for this year will be 1 percent.

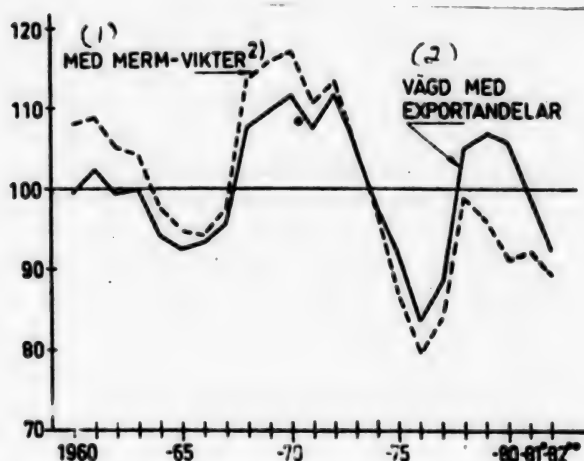
Concerning the economic outlook over the longer term, the government points out in its budget proposal that there is no reason for great optimism. International economic growth will be slow, and unemployment will remain high.

Finland's main problems will also revolve around employment. The survey accompanying the budget proposal notes that total production must rise by at least 3 percent if the unemployment level is to remain unchanged. A 3.5-percent increase each year would reduce the unemployment rate to 4.5 percent by 1986.

Combating inflation and strengthening our competitiveness will be the chief goals of economic policy in coming years. A great deal of responsibility for the success of that policy rests on the business community and the special-interest organizations. For its part, the government is seeing to it that favorable conditions are being created for wage agreements that will guarantee competitiveness.

# Competitiveness of Finnish Industry on the Western Market

Average, 1960-1982 = 100.  $\frac{\text{OECD}^1}{\text{Finland}}$



## Key:

1. MERM<sup>2</sup> weighted.
2. Weighted according to share of exports.

Notes: 1. Labor costs in marks per unit produced in the manufacturing industries of 14 countries.  
2. The IMF's Multilateral Exchange Rate Model.

## Social Affairs and Health

The government's efforts to hold spending down are very obvious even in expenditures by the Ministry of Social Affairs and Health, which are nevertheless going to cost a full 16.9 billion marks. Noted in particular are certain cut-backs in improvements already promised and a number of increased fees. On the other hand, the government will continue to concentrate on certain improvements in its family policy and on child day care, national health care, and other areas.

Spending for social welfare and health will rise by almost 2 billion marks over this year's level, for an increase of 13 percent. That is somewhat more than the percentage of increase for the budget as a whole. The increase in the sphere of social welfare spending proper is 16 percent, while health expenditures will rise by 11 percent.

## Employment

The employment situation is expected to remain difficult during 1983. Unemployment may rise by 1 percent to an average of 6.8 percent for the entire year (about 166,000 persons), but a decline is expected at the end of the second half of the year. That would mean an increase of 0.3 percent (9,000 persons) in terms of the estimated average for this year. The intention is to continue to

concentrate on special measures aimed chiefly at young people, the long-term unemployed, and the handicapped. The objective is to develop employment measures in the educational field in particular, meaning that attention will be paid to retraining courses, courses for those laid off, and training under apprenticeship agreements.

#### Agriculture

As was true in the 1982 budget proposal, it is said that the measures for balancing agricultural production will continue. The government will submit a bill to Parliament on the management and balancing of agricultural production. Expenditures for the area covered by the Ministry of Agriculture and Forestry reflect the smallest increase for any of the ministries--they are rising by only 2 percent, or 120.7 million marks, to a total of just under 6.43 billion marks. The increase for the national budget as a whole is 11 percent.

Agricultural price supports are dropping by 4 percent, or 158.9 million marks, to just over 3,605 million marks. That includes 1,095 million marks in export subsidies. This is 407 million marks less than the year before because of the balancing measures and the change in the law on the turnover tax.

#### Defense

Basic procurement and equipment replacement for the defense forces are being allocated 1,081 million marks in the 1983 budget. That is 249 million marks, or almost 30 percent, more than this year's final budget. The overall defense budget for next year comes to nearly 4.2 billion, or 17 percent more than this year's regular budget proposal.

The budget proposal includes appropriations for improving the economic situation of the conscripts and their service and educational conditions. Equipment for the ground forces will be improved, and personnel resources will be developed. The number of reservists to be called up next year will be increased by about 1,500.

About 37,000 men will enter the service next year to fulfill their military obligation. That is about 1,000 fewer than this year. An effort will also be made to let volunteers do their military service in areas where unemployment is particularly high.

Of the appropriation for basic and new procurement, 967 million marks will be used to make payments on previously approved procurement authorizations. That amount is also influenced by changes in indexes previously agreed on and in exchange rates.

An amount of 64 million marks is being proposed for financing new procurement authorizations. Among the new procurement programs being started, the government is proposing new low-altitude search radar units for the air defense warning service, the replacement of the field artillery's obsolescent inventories, and further replacement of vehicles and of special air force equipment.

It is being proposed that appropriations for the use and maintenance of equipment be increased from 550 million to 663 million marks. That steep increase is due to higher costs and the fact that equipment procured during the fiscal year will be going into service.

The proposed budget includes 241 million marks for security storage and defense stockpiling. The 230 million marks to be spent on liquid fuel and lubricants will be covered by revenues from the fees levied for the security storage of petroleum products.

Finland's UN Force, which is participating in international work to secure peace, is another reason for some of the expenditures. The budget proposal for next year includes nearly 3 million marks for that force. The money will be used for equipment and training, pay for military observers, expenses in connection with joint Scandinavian UN courses, and other expenditures for maintenance, relief forces, and administration in Finland.

The proposed budget for next year also includes appropriations for hiring 650 people who are handicapped for physical, mental, social, or other reasons to fill permanent positions in the defense forces.

Next year's budget also includes 390,000 marks as compensation for the accident that occurred at the Lappo cartridge factory in 1976.

#### Ministry of Environment

A completely new feature of the thick annual budget proposal this time is the section on the Ministry of Environment. In accordance with a decision reached by vote within the government, it is being proposed that the ministry be set up on a narrow base on 1 October of next year. The budget proposal includes an appropriation for a total of eight positions in the new ministry, including the post of section head.

#### Development Aid

Finland's development aid--which according to the explanatory statement accompanying the budget proposal is "an essential part of Finland's foreign policy"--will be worth a total of about 919 million marks next year. That is 0.37 percent of the GNP and represents a full 22-percent increase over the budget for the current year.

The appropriations for development aid were the occasion of a tough tug of war within the government during the budget preparation process. The Ministry of Foreign Affairs was insisting that the aid should equal 0.38 percent of GNP, but the Ministry of Finance was offering only 0.32 percent. The end result was therefore a compromise at 0.37 percent.

The goal continues to be that of increasing development aid to the point that by the end of this decade, it will equal the UN recommendation of 0.7 percent of GNP.



Bilateral development aid next year in the form of donations will go to Egypt, Kenya, Zambia, Sri Lanka, Tanzania and Vietnam--the same countries as this year. Donations to those countries will be worth a total of 290 million marks. An additional 131 million has been set aside for donations through various organizations. Humanitarian aid will increase to 42.2 million marks next year. Most of it will be used for various kinds of refugee aid, and the rest will go to national liberation movements, Namibia, and other relief organizations.

11798

CSO: 3650/2

## TRADE SURPLUS WITH USSR BEGINNING TO WORRY LEADERS

Stockholm DAGENS NYHETER in Swedish 30 Sep 82 p 19

[Article by Klas Bergman]

[Text] In most countries of the world, a trade surplus with one's biggest trading partner would bring cheerful smiles. But not in Finland, where heads are being shaken worriedly at the fact that Finland's sales to the Soviet Union are 3.8 billion marks more than its purchases from that country.

If something is not done, the surplus may rise to 15 billion marks (100 marks = 123 kronor) by 1985, when the current 5-year basic agreement with the Soviet Union will expire.

The current agreement is the seventh consecutive agreement since the first was signed in 1951. It sets quotas for exports and imports between the two countries. The basic agreements are supplemented with annual commodity protocols between the governments of the two countries. In theory, the trade is supposed to balance, but historically, Finland has often shown a surplus, although never as large as the current one.

Because of the special character of the Finnish-Soviet trade agreement--under which goods are traded for goods and no money crosses the border--the surplus means that the Bank of Finland (which pays the Finnish exporters) has nearly 4 billion marks outstanding in interest-free credits to Soviet importers.

## Cheap Oil

Finland's exports to the Soviet Union rose by nearly 50 percent in both 1980 and 1981, and trade with its neighbor to the east now accounts for 20 percent of its total foreign trade, or about 30 billion marks. After the FRG, Finland is currently the Soviet Union's most important customer in the West.

B. O. Johansson of the Federation of Finnish Industries says: "The current surplus is unusual but not actually alarming."

And Bror Wahlroos, division head at the Ministry of Trade and Industry, does not seem very worried either when he says that "the surplus is a problem that we can easily live with."

They both feel, however, that something must be done about the surplus, which Wahlroos regards as partly self-inflicted.

He says: "We could have taken it a little easier."

Instead, the Finns sold all they could, and the Russians wanted a lot: shoes, apparel, foodstuffs, baby food, and so on. The Soviet market's dependence has been increasing, particularly in the case of shoes and apparel, and 90 percent of Finland's shoe exports currently go there, compared to 50 percent in the mid-1970's.

Thirteen percent of Finland's total exports to the Soviet Union currently consists of ships from the Wartsila Shipyard, and over half of all the ships exported by that shipyard go to the USSR. The Wartsila Shipyard's experience with Soviet trade dates back 50 years, and it has sold 500 ships to the Soviet Union since 1932. Nine of the 12 ships being by Wartsila this year and 23 of the 27 to be built next year will also go to the Soviet Union. The shipyard currently has Soviet orders worth nearly 5 billion marks on its books.

While exports have been increasing, the price of Soviet oil has stayed the same or even declined, and since oil and energy currently account for 80 percent of Finland's imports from the Soviet Union, the result is that the Finnish trade surplus has been climbing steadily.

#### Lada Automobiles

Today Finland can scarcely buy any more from the Soviet Union than it already does. Its oil requirements are covered.

Kaj Hietarinta, manager of the Neste petroleum firm, says: "We have just about reached our maximum as far as oil imports from the Soviet Union are concerned. Those imports currently total 8 million tons per year."

This means that 80 percent of today's oil imports comes from the Soviet Union, compared to 60 percent 2 years ago.

Only marginal further changes are possible in Finnish imports of Soviet machinery. Such imports account for only 6 percent of Finland's total imports from the Soviet Union, but they are nevertheless the largest in Europe.

As one expert put it, the problem of the surplus would not be solved even if everyone in Finland bought a Russian-made Lada automobile. In fact, not even a fifth nuclear power plant would remedy the imbalance in trade.

As long as the price of oil stays where it is--and the Soviet price follows the international market exactly--the only way to restore equilibrium in trade is to cut back on Finnish exports. But that may mean problems, including unemployment in such industries as shoes, textiles and apparel.

## Unemployment

No one wants higher unemployment, and today in Finland, voices can be heard saying that a trade surplus is preferable, but it looks as if layoffs will become unavoidable. It is uncertain how many thousands of people may be affected.

B. O. Johansson, director of the Federation of Finnish Industries, emphasizes: "It is important that the brakes be applied to exports as gently as possible over a number of years." But he says at the same time that there is still pressure to export because of idle capacity. "But it is our ability to import that determines the volume of our trade with the Soviet Union."

In other words, Finland is being forced to decline to sell as much as it could in exchange for achieving balance in its trade. And the government is now refusing to issue export licenses to Finnish firms wanting to sell to the Soviets.

Another disadvantage of the trade agreement with the Soviet Union is that Finland sometimes cannot buy the goods it wants because the Soviet Union would rather sell to some other Western country in exchange for hard currency.

The concentration by certain industries on the Soviet Union--to which it was easier to sell and which bought in large quantities--has also meant that some industries such as shoes and apparel have lost markets both in Finland and in West Europe, and those markets are now very hard to win back.

Otherwise, it is rare to hear critical voices in Finland concerning the bilateral trade agreement with the Soviet Union.

## Centralized

Matti Liukkonen, manager of the Central Bank of Cooperative Banks, says: "Basically, it functions very well, but perhaps it could be made more flexible."

Christian Lax, assistant managing director of Finn-Stroi, says: "Certainly it is sluggish and centralized, but it works, and it provides Finland with an assured export base."

Bror Wahlroos of the Ministry of Trade and Industry says: "Soviet trade is, of course, a tremendous asset for us. It provides us with a sure supply of oil, all of which can be paid for with our own exports."

Manager Kaj Hietarinta of Neste says: "Thanks to our trade agreement with the Soviets, we have been able to counterbalance business fluctuations in the West."

B. O. Johansson of the Federation of Industries says: "Soviet trade has very clearly been good for Finland. Where would we be today without it?"

But at the moment, Finnish-Soviet trade is having problems. The surplus must be reduced, and until that can be done, about 10 major projects have been postponed. And difficult negotiations concerning next year's trade are in store.

11798

CSO: 3650/6

## NEW AGROALIMENTARY RESEARCH POLICY TO BE IMPLEMENTED

Paris LES ECHOS in French 29 Sep 82 p 9

[Article by Henri d'Armagnac: "Agroalimentary--Fr 600 Million in 3 Years to Stimulate Research"]

[Text] It is perhaps a second wind for the French agroalimentary sector: the presentation, yesterday, of the beefy report by the agroalimentary mission--chaired by Gerard Joulin--entitled "Means for Tomorrow" constituted the first act in the launching of a new industrial-research policy. Alongside G. Joulin, who is president and general manager of Pain Joulet, J.-P. Chevenement, minister of state for scientific research and technology, Edith Cresson, minister of agriculture, and Catherine Lalumiere, minister of consumer affairs, supported the mission's proposals and announced the means made available: between now and 1985, the state will inject Fr 600 million as a stimulus.

Strong points and weaknesses: the known inventory is repeated. The agroalimentary sector in France represents 1.2 million heads of agricultural operations, 600,000 employees and independent specialists, No 2 position in French industry, and in particular, Fr 135 billion in added value, second place in the world in exportation. The weaknesses lie in a 50-percent proportion of exports in the form of nontransformed products, in a research effort that is three times lower than that of the competing countries (0.16 percent of turnover), and in the insufficiency of collective research for the PME's [Small and Medium-Size Businesses]. But the agroalimentary sector is also a challenge to be taken up: to triple its trade surpluses, provided that an appropriate research effort is undertaken.

## Axes of Action

To establish research in the agroalimentary industries; to involve the consumer; to master quality--or rather the "characteristics"--so as to ensure outlets for products; and finally, to establish an equipment-goods industry: these are the four major themes chosen by the mission.

To support the establishment of research, the mission proposes the creation of "regional committees in the agroalimentary industries" and "innovation missions" in each region. It is also proposed to develop collective research centers and to launch an incentive fund to encourage the setting up of centers in



the private firms. But--and this is an original proposal that should rivet the attention of the governing authorities--it is considered necessary to permit the firms to amortize their research and development investments.

In addition, association of public research and private research could make it possible to create research-industry "poles," based mainly on the nationalized enterprises. Along the same lines, at the upstream end the report cites the necessity of getting agricultural production costs under control, by way of intermediate consumption, plant-health action and transfer of advanced technologies. In order to win the equipment-goods market, J.-P. Chevenement recommends the creation and support of public-interest groups, "GIP's."

The consumer's participation in research and development in this sector, so as to take into account the evolutions in nutrition, evaluation of needs and promotion of nutritional safety, implies the effective start-up of the Nutrition Council and the setting-up of a network of expertise on food toxicology, as Catherine Lalumière confirms. Furthermore, the supplying of industry and the markets with competitive products of clearly defined "characteristics" should extend the practice of payment for quality.

Edith Cresson explains that a number of measures are under study in the Ministry of Agriculture, notably within the framework of the imminent setting-up of offices for particular products. Furthermore, a communication on the agricultural and alimentary industries will soon be sent to the Council of Ministers. Finally, creation of a permanent interministerial coordination structure for implementing the principal measures proposed by the Joulin report can be expected soon.

11267

CSO: 3519/36

## ALCATEL ELECTRONIQUE'S CHIEF DESCRIBES FIRM'S SITUATION

Paris ELECTRONIQUE ACTUALITES in French 24 Sep 82 p 12

[Article by D. Levy]

[Text] Two years after the General Electric Corporation [CGE Groups] officially got into the office machinery business--theretofore it had dabbled in it much as Mr Jourdain dabbled in prose--Alcatel Electronique thinks it is "on the right course." Most of the initial goals, both in investment and in orders and exports, have been just about met.

That's the story of how, between 1979 and 1982, Alcatel Electronique has upped its volume of business 2.3 times (7.2 billion francs expected for this year), its orders 2.45 times, and its volume of foreign business 2.75 times (bringing it to an anticipated 2.2 billions for the current year). Relying on the four major specialties it has chosen (private telecommunications, mail handling, automation and data systems, and computer and data-base services) it hopes to proceed with its office machine strategy apart from any contemplated joining of forces in electronics.

"The past 2 years have enabled us to get a grasp of the realities of the market, to face up to our competitors, to single out the routes most favorable to us, and to run tight analyses of our goals as they relate to the funds we have to work with," said Alcatel Electronique President Chavance at a press conference on 15 September. He went on: "As these 2 years draw to a close, I should not go so far as to say that we are reassured, because the competition is going to be very stiff indeed, but we shall be heading into it on a basis that is sound from the point of view of general orientation, technological capacity, and systems in place."

Mr Chavance thus paints a very optimistic picture a mere 2 years after the founding of Alcatel Electronique, a subsidiary of CIT-Alcatel, as it decides to brighten the group's image in office machinery and teleprocessing (see ELECTRONIQUE ACTUALITES 19 September 1980). The whole corporate structure is laid out along

four major axes with the private networks and the computer-support groups (including Telic, GST, Intervox, and Transac), mail handling (with SMH, Roneo, and Friden), the computer systems (with Sintra, CGA, EVR, and Cilas) and the data processing systems (with GSI).

### Solid Foundations

Citing Alcatel Electronique's "solid foundations" ("We are a world leader in high-speed data links, in second place in mail handling, and tops in terminals with an output of 25,000 Minitelts per month as of today"), Mr Chavance pointed out that in 1979 and 1982, Alcatel Electronique's mean annual growth rate was 32 percent in overall volume of business (up from 3.1 billion in 1979 to a predicted 7.2 billion this year) and 41 percent for sales abroad (up from 800,000 francs in 1979 to 2.2 billion this year). We would note that in these figures, office machine activities proper account for 60 to 70 percent of the total. To achieve its goal, the group has invested more than 800,000 francs, with more than 500,000 of it going to research and development, and the rest to commercial and industrial investment.

We would remind readers that the goals as set in 1980 called for 12 billion worth of business in 1983 (Alcatel Electronique will find it hard to top 10 billion), with 50 percent of it coming from abroad (the level right now is 31 percent), and 6.3 billions in investments, 3 billions of it for research and development (they have a way to go!). Let's not be petty about it, though: the group is moving ahead at a good, solid rate. Between 1979 and 1982, it has multiplied its volume of business by 2.3, its orders by 2.45, its sales abroad by 2.75, and its payroll by 1.6.

As for the rest, Alcatel Electronique still views office machines as part of a system of open communications, with terminals plugged into public and private systems. That definition corresponds, according to Alcatel, to a world market of \$25 billion, expanding in volume by 10 percent annually. Of that total, the French market would represent \$2 billion.

6182

CSO: 3519/27

## KETENCI URGES DIGNIFIED MINIMUM WAGE UNDER CONSTITUTION

Istanbul CUMHURİYET in Turkish 23 Sep 82 p 6

[Article by Sukran Ketenci: "A Wage Consistent with Human Dignity"]

[Text] Newspaper reports of 18 September say, "Since the draft constitution introduces new principles, redesignation of the minimum wage and efforts related to the severance pay ceiling are being left until after the referendum." This indicates that the talks on this topic between TURK-IS [Turkish Confederation of Labor] and government authorities have come to an end.

Thus a topic with which the TURK-IS top administration has been closely concerned since the TURK-IS convention is being tossed off the agenda. Yet, while the new top administrators seem closely concerned with these topics which would win them prestige and direct public attention to these matters, a draft constitution is being dished up to shape the future of worker rights from now on or, more precisely, to shelve the essential order of free unionism of democracies.

It is not our purpose to throw out the baby with the bathwater. We are not debating the TURK-IS top administrations' share of responsibility in the regression of vested union rights in the draft constitution. It is in regard to the draft which shakes free unionism to its foundations that we feel the need to show how negative the consequences will be, and the dimensions of those consequences, on even one vested social right of workers.

Article 62 of the draft constitution introduces new principles and concepts for setting the minimum wage. Verbatim legislation of the draft would have the minimum wage designated according to "the economic strength of the nation and the social and economic circumstances of the branches of labor and the regions." Another way of explaining it is that, as our distinguished undersecretary for planning pointed out at a scholarly meeting, the minimum wage would be designated according to the principle of the "economic strength of the nation," just as it says in our draft constitution, bearing in mind the unemployed in Turkey and our tradition of mutual family assistance. The international legal concept that the minimum wage is "sacred" is tossed aside. After the principles in the draft of the new constitution, there is no longer anything in the designation of the minimum wage to indicate "taking



into account a worker's basic living requirements." There is no sense of the consideration of such complexities as how many liras it takes for a worker and his family to subsist, how much goes for rent, how much for food and clothing.

We will be able to set the minimum wage bearing in mind that our country has those who cannot find jobs as well as those who do in the branches of labor not requiring skilled workers, in the branches of labor where jobs are easily found. Then, ignoring the unemployment problem that we use as a weapon against those who have jobs, we can say, just as if everyone were able to get a job, "Family solidarity is strong among us. Suppose there are many in one family who work. We cannot set the minimum wage, then, according to a standard of family subsistence. The economic strength of the country is important." Not content with this, we could also decide on a lower minimum wage for workers, in the name of encouraging investments, in deprived areas where we think it necessary to send other employees and pay them additional income. We mention the possibilities because the draft has not yet become law. Otherwise, if the principles in the draft are not changed, we will just have to "set the minimum wage according to the country's economic strength by branch of labor and region."

Furthermore, there is no need for a low minimum wage according to the country's economic strength by branch of labor and region to be "a wage consistent with human dignity," because this concept which appeared in the definition of the wage in the 1961 Constitution, does not appear in the new draft. According to the principles of our new draft constitution, there is nothing objectionable to setting a wage "inconsistent with human dignity" as the minimum wage.

8349

CSO: 3554/14

## TEXTILE INDUSTRY TAKES LEAD ON INCENTIVE DEMANDS

Istanbul DUNYA in Turkish 20 Sep 82 p 1

[Article by Taylan Erten: "First 8 Months Saw 69.6 Billion Liras in Credit"]

[Text] The textile sector, known as the "vanguard" of Turkish industry, is suffering, in addition to the general economic stagnation, such difficulties as shrinking foreign markets at the sector's base and financing difficulties. It attracts notice, being in the front rank in taking advantage of export incentives, mainly for investment, and incentives for the import of export inputs.

In fact, while being provided 69.673 billion liras in credit by the end of May, including the equivalent of 36.49 billion liras for export contracts and the equivalent of 33.624 billion for investment projects, the sector's foreign exchange allocations reached a total of \$88.708 million by the end of August. Together with the resources accruing to the textile sector from the selective liquidation of temporary import and unguaranteed commercial loans, the sector's foreign exchange resources for that period rise to \$114.567 million.

#### Where Is It Going?

Despite the thickening crisis in the textile sector, the expansiveness of investment and export incentives produces an interesting result when viewed in conjunction with the problem of failing to return credit. Certain bank authorities indicate that "the problem of failing to return credit is becoming the formula for saving the textile sector in particular."

According to the information obtained, the incentive credits have low interest and, usually, medium terms, and this leads the textile sector to use a significant portion of the resources obtained in this way as operating capital. While bank authorities complain about "the inability to get back a large portion of certified incentive credits," they agree that the textile sector, confronted by shrinking domestic sales and exports, is using these resources to "keep the wheels turning."

Despite the expansion of incentive resources, the domestic and external market slump continues. Market research conducted since the first of the year agrees that "no visible change has occurred in sales," offering the following assessment:

The textile market was depressed in the April-June period. Sales showed no visible change from the previous quarter, sustaining low levels in general. As compared to the same period last year, sales of cotton yarn and partially also of wool textiles feel owing to such causes as the glut on foreign markets as well as the money shortage, and others remained at unchanged low levels.

The quarterly market reports by the Turkish Is Bank's research office draw attention in these assessments also to price increases in the textile sector and say that price increases "owing to costs" were confirmed in all textile products in the first 6 months of the year as compared to last year.

The problem of "high inventories" is likewise making itself felt in the textile sector. It is stressed that inventories for the first 6 months of 1982 were "high."

The practice of term sales has largely disappeared in the textile market owing to these developments. Among the trends discovered is that priority is usually given to advance sales owing to the effect of factors stemming from the liquidity shortage such as "increasing stock protests and irregular stock payments."

#### Macro Problems

The West is the largest market for Turkish textile products. Obstacles encountered on the EEC markets, with the additional negative developments of recent months, have begun to be described as "alarming" in official quarters.

Though he has avoided any statement to date, Foreign Minister Ilter Turkmen describes the latest situation in this way and feels the need to stress the "seriousness" of the problem despite the concessions given to the EEC in the cotton yarn agreement. Top-level initiatives vis-a-vis EEC restrictions on cotton yarn and their growing tendency to extend to t-shirts and other textile products are not expected to produce any positive results soon.

8349

CSO: 3554/5

## FINANCIAL PROFILE OF YAPI VE KREDI BANKASI GIVEN

Istanbul DUNYA in Turkish 9 Sep 82 p 5

[Article by Construction and Credit Bank General Director Halit Soydan: "39-Year-Old Construction and Credit Bank: Yesterday, Today, Tomorrow"]

[Text] We have a double celebration on 9 September. It is the same one we have every year at the Construction and Credit Bank. The liberation of Izmir came on 9 September, you know, and we celebrate that. Then the founding of our bank occurred on 9 September 1944 and we mark that anniversary each year. Looking back on our 38 years since 1944, it is possible to say we have been around for pretty near a half-century.

It is a point of great pride to us that the Construction and Credit Bank, founded in the past half-century--the years following the founding of the Republic and at the conclusion of World War II that is--has always been a standard-bearer in Turkish banking. Many banks were established and active in this half-century and all of them have doubtless striven for growth and development. That one of them, the Construction and Credit Bank, developed rapidly after its founding and became a leader in Turkish banking is a point of great pride to us, as I just said. I would like to explain briefly this history of ours, in which we take so much pride and pleasure.

When the Construction and Credit Bank was founded, there were large banks in Turkey such as the Ziraat Bankasi [Agricultural Bank] and the Is Bankasi [Labor Bank]. There was also a foreign bank, the Osmanli [Ottoman] Bank, which was so large it even served as the central bank at that time. Additionally, there were many large and small banks. And, as you know, there have been some banks which, unfortunately, failed in the years following 1960. Among them may be considered such banks as the Turkish Credit Bank which immediately comes to mind. Even so, the Construction and Credit Bank had taken its place at this time, when a brand new economy is developing, among Turkey's large banks. Our bank was undoubtedly a small one when it was founded. We consider the Construction and Credit Bank a pioneer in Turkish banking. When it was founded, that is, during the period preceding the new concept of banking, Turkish banking had a more official appearance, conducting its business in stone edifices, buildings which in a way seemed to be state offices and were even--though perhaps it may be an exaggeration--a little intimidating to the plain citizen, to our people, where the starched



collar, proper dress and a somber air predominated. To be sure, I am not saying the Construction and Credit Bank introduced frivolity to this system, but the Construction and Credit Bank was oriented toward the people and adopted a very important strategy. It knocked out the walls and introduced to Turkish banking the concept of providing services in buildings with glass partitions. It was a people-oriented bank at the walk-in branches, too--and I remember the old buildings, the great arches of the Agricultural Bank, for instance, where one even climbed flights of stairs to enter--where it initiated the street-level building where one could see in passing what was going on inside. Meanwhile, a lot of important steps were taken to expand business and services to avoid a purely local outlook and to introduce the quantity and quality of service that our people expect. Beginning to stay open during the mid-day hours was among these. Night service was offered at many of our branches, for example. Our Parmakkapi branch is one that immediately comes to mind where we would now stay open until 2130 hours at night to accept deposits and provide services. Branches would also be open even on the second and third day of our national holidays to serve our people, our clients.

Thus it ushered in a new age of banking, an age of friendly banking. It reached out to the people and developed rapidly with the services it offered. The bank is a corporation, and with its customers and partners it became known as a bank with stock in public opinion, it grew and developed and recently took its place among the large banks. Thus its concept of service was the key to Construction and Credit's rapid development since 1944 and its position among the large banks today, including the public banks.

#### Business Volume

Construction and Credit Bank's balance sheet totals for 1981 rose 98.15 percent over the previous year to reach 246.789 billion liras.

The bank's derivative accounts showed 93.9 percent development over the previous year, rising to 298.731 billion liras. The balance sheet plus derivative accounts equalled 266.916 billion liras more than the previous year, a percentage increase of 95.8 to equal 545.52 billion liras.

#### Business Volume Gain

<u>Year</u>	<u>Balance Sheet (000 TL*)</u>	<u>Gain Over Previous Year (%)</u>
1977	89,139,398	36.85
1978	116,081,339	30.22
1979	157,165,735	35.39
1980	278,604,574	77.27
1981	545,520,252	95.80

\*TL=Turkish Liras

## Lending

Sector-oriented commercial lending envisaged in development plan annual programs under the Directive on Credit and Investment and within the scope of decisions adopted by the Construction and Credit Bank's Board of Directors rose to 104.553 billion liras, a 73.28 percent increase over the previous year.

The largest share of the bank's lending volume went to industrial and export credits, with 36.32 percent and 28.67 percent respectively. In other words, 64.99 percent of the bank's commercial lending went to the industrial sector and for export procedures. The Construction and Credit Bank's export-oriented lending rose 120.91 percent over the previous year.

### Credit Distribution by Intended Use (31 December 1981)

<u>Intended Use</u>	<u>Million TL</u>	<u>Percentage</u>
Agriculture, Livestock, Game Management, Marine Products	1,750	1.67
Mining, Quarrying	652	.62
Industry	37,972	36.32
Consumer Goods	11,281	10.79
Intermediate Goods	19,021	18.19
Investment Goods	7,670	7.34
Tourism	139	.13
Exports	29,968	28.67
Imports	794	.76
Public Works, Energy	13,082	12.51
Domestic Trade	20,196	19.32
Total	104,553	100.00

The idea of home savings, a timely topic just lately, was launched at our bank 10 years ago in an attempt to encourage our people to save for home construction. We also had a type of account called the family passbook savings account that was well received by the public. This type of interest savings account was also offered by other banks. That is, it was not a practice unique to the Construction and Credit Bank. But the extent to which the family passbook account caught on, the cheerful and efficient provision of a family-oriented banking service, accessibility and the interpretation of banking from a perspective of the bank going to the customer, not the customer coming to the bank, may all be described as factors contributing to the Construction and Credit Bank's rapid development. It is possible to sum this up in a single sentence. The Construction and Credit Bank—certainly I would not wish to use a term that would impugn other banks, but... --it adopted a concept of banking in which the customer comes first, and this concept played an important role in the Construction and Credit Bank's development.

### Types of Deposits

The Construction and Credit Bank's total deposits increased by 128.55 percent over the previous year, rising from 90.042 billion liras to 205.789 billion liras.

Examining growth by type of deposits, one sees that the greatest increase was in savings deposits. Thus, the bank's savings deposits rose 180.43 percent, from 40.2 billion liras to 112.9 billion liras. Time savings deposits, affected by the high interest policy in general, rose by 387 percent (65.7 billion liras) and regular savings deposits rose 30 percent.

At the end of 1981, time savings deposits stood at 82.7 billion liras and 39.7 percent of them, or 32.9 billion liras, were in certificates of deposit, known as the "confidant account."

The Construction and Credit Bank's commercial deposits in 1981 increased by 38.9 billion liras, or 99.9 percent, as compared to the end of 1980, rising to a total of 78 billion liras.

### Deposit Growth

<u>Year</u>	<u>Savings Deposits (000 TL)</u>	<u>Rate of Increase %</u>	<u>Total Deposits (000 TL)</u>	<u>Rate of Increase %</u>
1977	14,344,255	18.7	30,934,744	15.5
1978	18,597,407	29.7	39,853,540	28.8
1979	25,672,847	38.1	54,668,387	37.2
1980	40,253,329	56.8	90,042,565	64.7
1981	112,881,153	180.4	205,789,512	128.6

Views and concepts such as expert banking, wholesale banking, or specialty banking depending on certain situations have again begun to be discussed lately. Banking developed in Turkey along the lines of a diffused model offering a variety of services and based on multiple branches. We must admit that Turkey is a developing country. Thus it is impossible to pretend that savings have reached huge volumes and this is why Turkish banking has been based on an extensive network of branches to accept deposits. The Construction and Credit Bank developed along the lines of this model, too. It is represented in each of Turkey's 67 provinces. It has 592 branches employing 9,000 people and also has representatives abroad in New York, London, Frankfurt and Zurich. It also has offices in Munich and Cologne. Therefore, with its many branches and 9,000 employees throughout the country, it is a bank that has assumed a position among the large banks in Turkey. As of year-end 1981, it had deposits in excess of 200 billion liras, capitalization of 5 billion liras and nearly 1,000 stock holders.

## Deposits

The 115 billion liras' growth in the Construction and Credit Bank's total deposits in 1981 is an increase of 128 percent. It represents the highest level of growth among the four largest Turkish banks.

It is also noted that Construction and Credit's average annual rate of deposit growth exceeded that of all other banks in 1981 for the first time in the 5-year period from 1977 to 1981.

### Average Deposit Growth in Overall Comparison

<u>Year</u>	<u>Average of All Banks %</u>	<u>Construction and Credit Bank %</u>
1977	25.7	15.5
1978	32.6	28.8
1979	51.3	37.2
1980	66.5	64.7
1981	100 (approximate)	128

## Foreign Procedures, Relations

In keeping with the policy set by the general director of the Construction and Credit Bank, foreign exchange entries resulting from the bank's activities starting from its branches and culminating in its Foreign Exchange Position reached a total volume of \$993 million, an increase of 131 percent over 1980.

### Rising Foreign Exchange Entries, Utilization

<u>Foreign Exchange Receipts (\$million)</u>			<u>Foreign Exchange Payments (\$million)</u>		
<u>Source</u>	<u>1980</u>	<u>1981</u>	<u>Utilization</u>	<u>1980</u>	<u>1981</u>
Exports	265.4	634.6	Oil Importation	123.7	464.8
Worker Remittances	114	176.7	Acceptance Credits	68.4	88.7
Other	49.8	181.7	Other	119.7	203.4
Total	429.2	993	Central Bank Transfer	117.4	236.1
			Total	429.2	993

## Stocks

The Construction and Credit Bank's stocks portfolio rose in 1981 by 639.442 million liras to 3.413 billion liras as a result of new investments and the contribution of existing stocks to capital growth.

The bank's revenues from 1980 activities which went into the accounts in 1981 were 373.864 million liras, an increase of 4.76 percent over the previous year.

#### Stock Revenues, Past 7 Years

<u>Year</u>	<u>TL</u>	<u>Rate of Increase %</u>
1975	27,458,476	74.21
1976	37,623,697	37.02
1977	43,844,451	16.63
1978	50,145,068	14.37
1979	160,253,790	219.58
1980	356,859,926	122.68
1981	373,864,487	4.76

#### Stocks Portfolio, Past 7 Years

<u>Year</u>	<u>TL</u>	<u>Rate of Increase %</u>
1975	326,953,929	39.42
1976	508,089,799	55.40
1977	660,088,714	29.92
1978	947,573,676	43.55
1979	1,206,090,266	27.28
1980	2,773,926,256	129.99
1981	3,413,368,756	23.05

#### Construction and Credit Bank Stocks

##### Manufacturing Industry:

Cukurova Machinery Manufacturing and Trade, Inc (CUMITAS)  
Auer Manufacturing Inc  
Eternit Industry Inc  
Robert Bosch Turkish Motor Vehicles Auxiliary Industry Inc

##### Chemical Industry:

Mursan Ink and Paint Industry Inc  
Agro-San Pesticides Inc

##### Textile Industry:

Ak-Al Textile Industry Inc  
Cukurova Industrial Operations Inc

##### Glass Industry:

Anadolu Glass Industry Inc

##### Cement Industry:

Canakkale Cement Industry Inc

##### Steel Industry:

Cukurova Steel Industry Inc

##### Packaging Industry:

Kaplamın Packaging Industry and Trade Public Corporation

##### Automotive Industry:

Oyak-Renault Automobile Factories Inc

##### Insurance Sector:

Halk Insurance Inc



After this brief summary in words and figures of the Construction and Credit Bank today, I should like to explain what Construction and Credit has in mind for tomorrow and the principles it has resolved to implement.

A point to be emphasized here is that the fundamental principle at the Construction and Credit Bank is always service. In fact, the platform and slogans we have used for a long time in our advertising are based on the concept of service and we have a slogan symbolizing the absence of limits on the improvement of service. Indeed, we make a conscious effort to provide the efficient and modern service that our people and our customers expect from the bank. And the motivating factor in our thoughts for tomorrow still lies here. We are committed to the fundamental principle of conveying banking to our customers, our people, as a concept of service which envisages efficient and modern service, which moves forward--in view of the fact that efficient and modern service cannot by definition be static--and which conforms to the socioeconomic conditions.

We see that everywhere in the world today, and especially in the developed countries, banking is taking on a mechanized identity. It has now become necessary that banking have such a consistency as speed requires in which service adapts to developing technology. Banking developed in our country as a labor-intensive business with its remote branches nationwide. Obviously we are producing services, not goods. The enthusiasm, devotion and hard work of the people who produce it and the contribution of quality by the people who produce it are of the utmost importance in the quality of service. Therefore, modern systems must be taken advantage of in providing service, but we must never ignore the human element. That is, since we are producing services not goods, the human element bears the utmost importance. The human component comes first with us both as to production and customers. While we are attentive to the requirements of the person to whom we provide a service, we also consider it a duty that the person who provides the service be regarded seriously and with importance as a person as the fundamental component of production. Turning toward a new kind of banking that technology demands is therefore a must. A kind of streamlining which may be described as reducing the fixed share of expenditures per unit of service, modernizing, keeping up with the times are very important in Turkish banking today. The way to do this is automation. Automation is a means, not a goal. It is a means in which advanced world technology offers incredible opportunities.

It is necessary, in parallel with rapid technological advancement in Turkey, that banking turn to automation also. I mean by this that automation was not something deserving this much thought perhaps 10 or 15 years ago. The branches were all linked together by Post, Telephone and Telegraph Administration lines and perhaps this was not a practice that could have been considered feasible 15 years ago vis-a-vis Turkey's telecommunications opportunities. Mechanized banking is now propitious, given the present level of Turkey's advancement, and the conditions are ripe. Preparations for mechanized banking are in progress.

The Construction and Credit Bank, or banking at any rate, will continue as the utilization of resources invested by the public for the benefit of the Turkish

economy, from which the resources derive, and in keeping with the plan goals. It is necessary in doing this that banking embody quality of service, that is, effective service in both accumulating deposits and in placing these funds at the disposal of the Turkish economy, Turkish industry and Turkish sales abroad. This entails speed also. The age is now coming to a close in which interest is computed manually and recorded by hand in the ledger. The new equipment, electronic equipment, presents incredible opportunities.

Thus confidence is engendered by automation by bringing with it both speed and accuracy. It is for this reason also that we consider it a very important step in bringing modern, efficient methods to Turkish banking to put automation at the disposal of Turkish banking with the realization that it is people who use the equipment, that is, on condition that the human factor take precedence over all, and we have largely completed our preparations for this. We are ready to install the modern automated banking that we call "on-line" at our pilot branches in the days ahead, perhaps towards the end of the year or the first of next year, and the services we will offer will be automated services. But this automation will materialize as a concept of banking in which people's creative power will never be pushed into the background and the customer is always the boss.

Automation therefore is a modern means which lies at the bottom of our preparations for tomorrow and, while it is perhaps too early to announce them at present, we are ready to offer certain new services to the Turkish public. We are determined and ready also to offer our people certain services which are common abroad but are not widespread in Turkey.

We are living in a time when the Turkish economy is turning outward. We therefore believe that Turkish banking has important duties in opening the Turkish economy to the outside. We are organized abroad for this, but only in the form of representation. We have applied to the ministry to open branches abroad. The Construction and Credit Bank has always been a bank well versed in foreign banking and over the years has won a good name for itself in foreign banking both at home and abroad. It is ready to take advantage of this and open fully-staffed branches on the foreign markets as a bank with a good reputation abroad, experienced and viable in foreign banking. And our applications have been forwarded to the competent authorities.

I must emphasize again that in offering services, the enthusiasm, dedication, hard work and confidence of the person providing the service are very important. Our customers are people and they are served by people. We consider it an obligation to future generations to realize by taking advantage of modern methods a system of banking that always respects the customer and conforms to the needs of the national economy and to pass on the banner that we have carried for years as a leadership bank.

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**Dr. Kemal Satır (Yönetim Kurulu Başkanı ve Murahhas Üye, Halit Soydan (Yönetim Kurulu Başkan Vekili, Murahhas üye ve Genel Müdür**



**Şahap Kocatopçu  
(Üye)**



**Berat Akerman  
(Üye)**



**Emin Alpkaya  
(Uye)**



**Prof. Dr. Haluk Cillov  
(Uye)**



**Yücel Çelik  
(Üye)**



**Ömer Erül  
(Üye)**



**H. Doğan Özgöçmen  
(Üye)**



**Prof. Dr. Özer Seliçi  
(Üye)**



**Saat Yelkin  
(Üye)**



**Yalçın Saraçoğlu  
(Denetçi)**



**Enis Yaşar  
(Denetçi)**

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Halit Soydan, Vice President, Executive Officer and General Director

Sahap Kocatopcu, Member

Berat Akerman, Member

Emin Alpkaya, Member

Prof Dr Haluk Cillov, Member

Yucel Celik, Member

Omer Erul, Member

H. Dogan Ozgocmen, Member

Prof Dr Ozer Selici, Member

Suat Yelkin, Member

Yalcin Saracoglu, Controller

Enis Yasar, Controller

CSO: 4654/444



## TIRYAKI URGES STATE SUPPORT TO WOOL EXPORTS

Istanbul DUNYA in Turkish 20 Sep 82 p 7

[Interview with Sabri Tiryaki, general director of Karadeniz Knitting Mills Inc., by Handan Corgunay]

[Text] Sabri Tiryaki

Sabri Tiryaki was born in Giresun in 1940 and completed his secondary education at Trabzon High School, going on to the Textile Department of Leeds University in England. After taking his master's degree in 1967, he began professional life at Sumier Bank. He served as textiles expert at the State Planning Organization between 1969 and 1972. He has been general director of the Karadeniz Knitting Mills Inc. since 1972. Sabri Tiryaki speaks English and is married and the father of three children.

[Question] Mr Sabri Tiryaki, depressed demand is the leading cause of underutilized capacity and high inventories in all industry today. Would you assess, especially as regards the domestic market, the status of demand in the wool market?

[Answer] The wool industry has an important advantage both in Turkey and worldwide as compared to the cotton industry, another branch of the textile sector. We deal in outerwear. Outerwear is man's first line of defense against cold weather. The European countries, whatever else they may be, are cold countries, and it gets cold at night in the Middle East. This is the situation as regards foreign demand. Outerwear may be temporarily subject to short-term crises somewhere. This would be the case for one year, for example, but not the next. Held-over inventories can therefore be assimilated by the market. This is the case on the domestic market also. Despite the occurrence of occasional market slumps on the foreign market, they balance out if you take an average over 2-3 years. Moreover wool industry capacities are not as big as in the cotton industry. The wool industry also tends to make more modest investments.

A simple approach to domestic demand is the fact that Turkey has a population of 50 million. More or less half of this population is male. Men are always working outdoors and the men of our country, whether peasant or what, have a

rustic nature and know the value of wool. They know the protective value of wool and that it is dependable. Over a million children start secondary school every year and we sell 2.5 million meters of cloth. The young generation constitutes a large sector of the population and they are clothes conscious. The wool industry is thus more stable than other industries and its commercial stocks are not high. But the wool industry is taking its share of the current general contraction of the economy, we are all in the same boat and the squeeze is not passing us by.

[Question] The textile sector is in the front line of our exports of industrial products. What is the status of the wool industry, a sub-branch of this sector; are there export opportunities for the wool industry?

[Answer] Exports are very difficult for the wool industry. The export of wool yarn, in particular, is very difficult, because standardization and idea of quality are very important on the foreign market. We are structurally oriented in the wool industry to the domestic market and are not accustomed to exportation. Moreover, fierce competition predominates in this sector of the foreign market. European firms in this field have no intention of leaving the cotton sector as is. Employment opportunities are tremendous, wool is a valuable product and the added value it creates is very high.

[Question] You said that fierce competition dominates the world markets in wool yarn and wool products and that the structure of the wool industry in Europe in particular, an important center of the world wool industry, affects the Turkish wool industry, with a negative impact on our exports. Would you enlarge on this a little?

[Answer] The current squeeze in the wool industry in Europe is having an extraordinary impact on our exports. The major cause is price! First you have to have a very attractive price on the market. As well as quality, but price may be a more important element than that. Therefore, it is very difficult to get a good price in a country whose own market is down, prices drop. Everyone thinks he will keep his business going by taking a calculated loss.

There may be another cause. We need a thorough study on this. In general, the firms active in the wool sector abroad are very old, established firms and they usually have very strong net assets so that just coming out even is a big profit for them. They are not dependent on external resources, their mortgages are low and they can easily absorb the high cost of labor. There are also state subsidies, in Italy and in Germany. There is a serious state subsidy even in Italy, which we see is a strong country in the wool industry at present. The wool industry gets state support and exports on a large scale.

It is very difficult for us to enter these markets with our present financing, credit and cost structure. We are suffering because of it. We are barely alive. Under the present circumstances, export parity is impossible for us, lacking incentives, and there is no profit in exports. Speaking for my own firm, we exported considerable amounts to Europe during

the past 2 years, but, unfortunately, our European link has been severed at the moment. We are now working primarily with the Middle East. We have relations with this region because of proximity and slightly better prices.

The European wool market's external trade is largely in a slump right now. The textile industry in Europe today is providing great employment opportunities, but the more the crisis in this sector deepens and the more restricted the opportunities for competition, the more factories close and unemployment goes up. The situation is not the same as in other branches of industry. For a firm to survive there it has to operate very efficiently. When European firms put these efficient working conditions in place, there is not a less-developed country, even one where labor is free, that has a chance of competing against them. The reason is that efficiency controls bring with them very high quality controls and the goods produced are of very high quality. Our biggest problem is standardization. We lose by it because most of the time we do not look for it on the home market. On the foreign markets, every seam in a garment, for instance, has to be just so. The extra controls, all of which stem from their advanced status, foster advantages which are all interdependent. We, unfortunately, lag behind in all this.

[Question] You said the crisis on the European markets was turning the wool industry toward the Middle East markets. What is your assessment of the Middle East countries as an export market? What is the status of the wool industry's opportunities for export to this region?

[Answer] While it would appear easy, getting into the Middle Eastern markets is very difficult. Countries that consistently import their goods are countries used to fine quality and good prices. They know the world markets much better than we do and we are thus always the amateur when we first go into those countries. We find that they know all the conditions of the market we are up against. We are working in the dark, trying to create our own conditions and our own prices. But we have found that our own inward-oriented figures will not work there. The wool industry has turned to these markets hoping to export. But I do not think there is a great deal of activity here. There are large market possibilities only in synthetics and synthetic blends. What we have seen is that those working 100 percent in synthetics do a good business on the Middle East markets. They are in the position of having shifted the great burden of industry to the outside at the moment. But I still must stress that the Middle East markets are difficult, unstable and overly sensitive to price. If you add to this their endemic merchandising skills, we are just plodding along beside them. Our biggest competitors in these markets are the Far Eastern countries, Japan and South Korea. These two countries, as far as we can tell, apply a national strategy, not a company strategy.

At home, there is an attempt to throw the bits and pieces of incentives we get in the face of industry as if it were getting too much. It is necessary to support the firms going into exports under conditions this difficult and saddled with the imperatives of difficult markets. If this support is not forthcoming, it will all come to nothing in the long run; the situation is

that bad. The industrialist cannot operate at a loss long. He takes on a lot of short-term burdens, then draws a line under the account and starts others. These accounts, I think, are being made in many sectors.

In the Middle East, our sector has possibilities for the export of rug yarn and synthetic yarn in particular. There is a market demand for fabric yarn also, but it is very difficult for us to be competitive in this branch. Our major competition is the Far East. Then there are the European firms. Germany exported a great deal to Iran this year, for instance. From the outside, you understand, but they have state support and special agreements there.

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CSO: 3554/5

## AREAS OF CONCENTRATION FOR SUPREME PLANNING COUNCIL EYED

Istanbul CUMHURİYET in Turkish 18 Sep 82 pp 1, 11

[Text] Ankara--The Supreme Planning Council has been holding meeting after meeting lately. There are two major topics on the agenda. First is the famed "interim model" of which Finance Minister Kafaoglu has spoken so frequently since his appointment, "an interim model whose name has been kicked around but which no one has as yet explained." The other is the draft budget for fiscal year 1983.

Actually, this point has now become quite clear: There is no such thing as an "interim model"! True, there is some work in progress, but it is hardly different from standard, run-of-the-mill decision-making. As for smoothing out the bumps in implementation of proceeding with certain detailed decisions drafted earlier, that has nothing to do with any such touted idea as an "interim model." There is a "package of decisions" being drawn up at present for discussion by the Supreme Planning Council. Its basic points may be summarized as follows:

--Tax revision: There is no question of any new tax, but certain revisions will be made in this area. The main thought behind the revision is this: "The state will attempt to obtain through conciliation the taxes it has been unable to collect or the collection of which would entail great expense." In other words, if there were 80,000 liras, for example, in taxes still outstanding from 1977 and unable to be collected, the state would try to give priority to this year's 1 million liras in taxes. Who knows how many experts will not be assigned "that job" for 80,000 liras. The state will not forget about the tax, but will try to put priority on getting the large amounts and the ones easy to collect. Work is in progress for the procedures for this.

In the course of such an effort, one should not be surprised if there were an "intensive tax investigation" for 1981, for instance. For at the present point following the new taxes and price increases, tax revenues have not been as high as expected. Or more precisely, "there is a shortfall in expected tax collections."

--Exchange rate differences: Exchange rate differences figure among the "great hardships" of business circles. Accumulated exchange rate differences by the end of August had fully reached 250 billion liras. It seems that postponement



or attachment to a specific payment plan will be among the topics to be announced in the next few days.

--Reassessment: This probably has to do with the point at which the new decisions involve the industrial and business sector in particular. Sustaining the assessments of operations of 10-15 years ago and the intervening depreciation of these values as the result of price increases "destroy the desire to invest" according to business circles. In particular, "it creates difficulties in finding foreign resources." Since the equipment on hand "is worth more than its present assessment," the assets of many companies "could improve without the need for cash." And this would help in finding credit at home, not just foreign credit. The "reassessment" that business circles are undertaking in the manner summarized above comes at the head of the list of things on which the Finance Ministry is most earnestly engaged at the moment. There are various ideas as to procedure. Bearing in mind the progression of price increases over the past 10 years, companies could be given a specific coefficient, for example, for the equipment they own and all former assessments would be multiplied by this coefficient to bring them up to current values. Perhaps some other ways could be found as well.

The "package of decisions" may contain other points in addition to this basic three, but it is now perfectly clear that an "interim model" is not among them. Because there is no such "model"!

While the Supreme Planning Council awaits the "package of decisions being prepared," it is conducting marathon discussions on the details of the budget bill. The ministry budgets are being taken up individually. As in the past years, budget priority this year will also go to "investments very near completion and energy investments."

The rate of growth in the economy for 1983 is projected between 4 percent and 5 percent. Next year's price increase rate is being considered below 25 percent. The fact that this year's increases moved along in the 40 percent range, however, is causing technocrats a second thought. "It is easy to reduce price increases from 100 percent to 40 percent, but it is very hard to bring 40 percent down to 25 percent," they say.

1982 national income is figured as 8.5 trillion liras at current prices. It is desired that the budget deficit not exceed 1 percent of national income. Nevertheless, the deficit in the 1982 budget, now in effect, is expected to exceed the 85 billion liras that would be 1 percent of national income and to climb toward 100 billion liras. For this reason, the Finance Ministry is "not very generous" toward the ministries' "appropriations demands."

Budget-related traffic between the Prime Ministry, the Ministry of Finance and the other ministries is very heavy. Definite figures are not yet known. There is a question of a budget between 2.4 trillion and 2.6 trillion liras. We think the budget bill will take final form by next Tuesday and be sent to the Consultative Assembly after the holidays.

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CSO: 3554/6

## EUROPEAN FORUM ASSESSES NATION'S ECONOMIC POLICY

Istanbul CUMHURİYET in Turkish 18 Sep 82 p 6

[Article by Osman Ulagay: "Europeans Interested in Interest Rates"]

[Text] The "European Management Forum," which arranges meetings in various countries to allow leading businessmen, top-level executives, bankers, former statesmen, diplomats and other "important people" of Europe and the Western world to bring their differences together and exchange views on current problems, concluded its Istanbul meeting day before yesterday.

The comments by Ali Kocman, president of the Turkish Industrialists' and Businessmen's Association, during the closing session when he said, "We call upon the world for economic cooperation. You will continue to see Turkey on your agenda," only partially explain the reason for holding this meeting in Turkey. To understand how Turkey got on the agenda, one must go back to the European Management Forum's annual meeting last February in the famous resort town of Davos.

At Davos, our businessmen such as Ali Kocman, Sarik Tara and, of course, Turgut Ozal, who defended the 24 January philosophy and the policy of opening to the outside, made a strong case for making Turkey's voice heard and succeeded in getting the European Management Forum to put holding a meeting in Turkey on its agenda. No effort was to be spared at home and abroad in advertising the fall meeting and this opportunity was to be grasped to crystallize Turkey's image as the "most successful country in outward orientation." At a bank-sponsored meeting for foreign bankers in May, Sarik Tara said, "Come to the real meeting in September."

These preparations were overshadowed, however, by development resulting from the Kastelli shock and Ozal's subsequent resignation. Arrangements were made for the meeting, which was already on the agenda, to be held on time only through the exertions of certain businessmen. Nothing could be done, however, to prevent the major item on the agenda from being the problem troubling the foreign guests attending the meeting: "Will Turkey's outward-orientation program continue after Ozal?"

Though the meetings were closed to the press, it is understood that on the first day foreign guests assailed new Minister of State Sermet Refik Pasin with

detailed questions bearing especially on whether the outward-orientation program and the Turgut Ozal line would continue. While some who attended the meeting said that Pasin passed the questions off with very general answers, Ali Kocman said the new minister, with his foreign-language fluency and European manner, passed the test with high marks and that the statements he made on behalf of Prime Minister Uluksu and himself dispelled the tension visible among foreign guests as the meeting opened.

The first condition for "dispelling the tension" among the foreign businessmen and bankers was to give firm assurance that Turkey would not change the policy it has pursued for the past 2 years. The foreign guests, who have problems in their own economies and organizations also, had to accept this assurance for keeping Turkey on their agendas, but it probably will not be sufficient to sustain a flow of capital to Turkey. The condition for this is to sustain Turkey's "great success" of the past 2 years and the sense of "savvy" it has shown vis-a-vis foreign capital. According to one officer of the European Management Forum, Turkey would not be on the meeting agenda for 2 years now, but of course it could return to the agenda if it made "a big splash."

Sermet Refik Pasin, the modest dresser who is slightly shy of the press, is of the opinion that for obtaining credit Turkey is quite close to the stage of turning away from the traditional sources of credit such as the IMF and the World Bank and towards commercial banks. Turkey's chances of getting commercial credit are steadily improving and the first condition for achieving this goal is to sustain without interruption the "successful program" it is applying. When we suggested that he discuss in more detail recent developments in the World Bank system and trade and Turkey's position vis-a-vis these developments, Mr Pasin's reply was: "Perhaps in 6 months." Mr Pasin apparently believes he will be more familiar with the data and able to discuss it better in 6 months.

An interesting aspect of the meeting was that the foreign guests, themselves threatened by high interest rates, were interested to hear the complaints of Turkish businessmen about them. What kind of impression did it create for foreign investors, I wonder, to have interest rates in Turkey at a level to put businesses in a difficult position?

While members of the press who expected concrete results from the meeting were frustrated in those hopes, the most tangible promise seems to have come from the foreign contractors. We believe Sarik Tara's comments were taken seriously when he said, "If European firms will not agree to cooperate with us, we shall seek ways to cooperate with the Japanese and Americans." It is probably not too much to anticipate Turkish contracting firms undertaking joint projects and "joint ventures" with European capital in the Middle East and other markets.

## TRANSPORTATION SECTOR TO UNDERGO MAJOR EXPANSION

Istanbul DUNYA in Turkish 17 Sep 82 p 8

[Text] Ankara (DUNYA) -- The "Transportation Master Plan," prepared by the ministries and organizations concerned and coordinated by the undersecretary of the State Planning Organization and covering a 10-year period from 1983 to 1993, has been published in the RESMI GAZETE. The plan will go into effect in conjunction with the 1983 annual program. The goal of the transportation master plan, which will be reviewed and revised as necessary every 3 years, is to have no district, subdistrict or village center inaccessible by road by 1993.

The transportation master plan calls for placing priority on projects which have national security value, which reduce the hazards of transportation for humans and the environment, which reduce transportation costs and investment requirements to a minimum and reduce dependence on a single type of energy. It also specifies these goals:

"The transportation sector will not constitute an obstacle to the development of other sectors, increasing demands for passenger and freight transport will be met and ports, railroads, highways, airports, pipelines and shipping will be made adequate to meet demand.

"In addition to the realization of domestic passenger travel and import and export shipping through maximum use of our national means of transportation, third country means will also play a large part."

Transportation Systems to Be Revised

The transportation systems will be revised under the transportation master plan, and the introduction of better balance in passenger and freight transport and the distribution of these systems are included in the program. Thus, the share of passenger travel falling to maritime routes will rise from 1.18 percent in 1980 to 1.08 percent [as published] in 1993, air travel from 74 per 1,000 to 82 per 1,000 and highways from 93.96 percent to 94.06 percent. On the other hand, the railroads' share will drop from 4.12 percent to 4.04 percent.

In freight transport, maritime routes will rise from 15.87 percent in 1980 to 32.16 percent, railroads from 10.41 percent to 27.45 percent and pipelines from 1.46 percent to 4.33 percent. Highway transport will be reduced from 72.26 percent to 36.06 percent.



The following basic innovations will be made in the transportation systems according to the plan, which also calls for increasing private sector involvement in the areas where it is more productive:

#### Highway Transportation:

"The necessary signs and signals will be installed and road safety measures taken to increase traffic safety on the network of highways. A 19.3 billion-lira investment will also be made to create a more effective and widespread traffic control service.

"The goal of making all village centers accessible by road will be achieved through an investment of 235 billion liras.

"The Kapikule-Istanbul-Ankara-Adana-Iskenderun Highway will be double-lane throughout its length and will be a toll road in certain sections."

#### Air Transportation:

"The resources of the State Airfields Operations and the State Meteorological Directorate General will be increased to allow them to provide services consistent with world standards, the number of aircraft owned by Turkish Airlines will be raised to 42 and the purchase of 37 new aircraft including replacements is planned for this purpose."

#### Railroads:

"Replacement of 4,158 kilometers of railroad will take place and all necessary switches, crossties, bridges, tunnels, machinery and equipment, electrification, signalization and telecommunications will be renovated.

"In addition, electric rail lines will be extended to 1,141 kilometers and signalization to 2,038 kilometers and the number of mainline diesel locomotives will be raised to 752, mainline electric locomotives to 138, auto cars to 139, freight cars to 38,600 and passenger coaches to 1,570."

#### Maritime Lines:

"Ports, coastal shipping and domestic, foreign and transit transport will be improved and, in addition to the on-going efforts for this purpose, the construction of new piers and landings in five places and one new port in the Marmara region is planned.

"The Turkish commercial fleet's 2.8 million dwt will be raised to 7.4 million dwt."

#### Pipelines:

"As the result of meeting all investment demands proposed, the transport by pipeline of petroleum products and crude oil will increase approximately 5.5-fold, the Yumurtalik-Kirikkale crude oil line and Aliaga-Izmir-Salihli-Nazilli, Bor-Ankara and Bor-Aksaray product lines will be built.



### Investments

Distribution of investments as figured at 1981 prices for achievement of the goals identified according to the 10-year transportation plan with a projected overall investment of 2,691,160,000,000 liras (million liras):

Maritime transport.....	377.170
Rail transport.....	711.000
Highway transport.....	1,153.690
Air transport.....	231.560
Pipeline transport.....	35.740
Straits railroad and large-city mass transit program.....	80.000
Reserves.....	30.000
Total.....	2,619.160

8349

CSO: 3554/4

## NEW COOPERATIVES LAW TO SMOOTH IRREGULARITIES IN PUBLIC HOUSING

Istanbul DUNYA in Turkish 18 Sep 82 p 8

[Text] Ankara (DUNYA) -- Efforts have been stepped up to revise the cooperatives law following the freeze on member registration to construction cooperatives.

Amendments to the cooperatives law posed by a special commission under the Office of the Prime Minister consisting of representatives from the Reconstruction and Resettlement Ministry, the Village Affairs and Cooperatives Ministry and the Trade Ministry will be completed by 23 September and submitted to the Council of Ministers, it was learned.

The work, initiated early in 1982 for the purpose of speeding up the functioning of construction cooperatives and eliminating drawbacks in the existing statutes, was stepped up owing to increasing claims in recent months that some construction cooperatives are using irregular methods to take advantage of the public housing fund. The work, on which the Council of Ministers has placed particular stress, will be completed soon and will reportedly call for proceeding with the necessary revisions in the bill to be submitted to the Consultative Assembly.

In setting up effective oversight of the construction cooperatives, the bill, now under preparation, is trying to prevent arbitrary withdrawals from cooperative partnership and provides for the formation of a "credit funds watch-dog commission" to coordinate the utilization of funds appropriated to the cooperatives.

One article being considered as an amendment to Cooperatives Law No 1163 authorizes the Board of Directors to decide for withdrawal from construction cooperative membership. Withdrawal will become final if there is no objection to the decision within 3 months. In cases where a Board of Directors' decision to withdraw is contested, a new member to replace the withdrawing one may not be accepted until the case is resolved in court. Moreover, the article makes expulsion from partnership compulsory for those which lose the ability to comply with the list of conditions as set forth in the principal contract.

The bill would provide for a partner in construction cooperatives to hold a share of no less than 20,000 liras and no more than 500,000 liras, with revision of the limits up to two-fold by decision of the Council of Ministers. It makes recordkeeping by the construction and management cooperatives compulsory, with principal contracts to be entered in the books as well as the amount of money invested by each partner, showing the transaction dates.

If the text on which work is in progress becomes law as is, "if, as the result of inspections of construction cooperatives conducted by the competent ministries, the Republic Prosecutor is notified of infringement and public suit is brought by the Republic Prosecutor, the appropriate court may dismiss the cooperative's board of directors at the initiation of proceedings and appoint a caretaker."

#### Special Fund Body

The "monitory commission on cooperative credit funds," envisaged as a means of setting policy for the provision of public and social security funds to cooperatives as credit and coordinating implementation, would be composed of representatives from the ministries of commerce, interior, finance, reconstruction and resettlement, industry and technology, village affairs and cooperatives, public works, social security, culture and tourism and agriculture and forests. The organizations administering the funds would provide the commission with implementation reports at specific intervals. Investments by the cooperatives making use of public funds would be included in annual programs.

The text on which work is in progress also provides for the penalization under the relevant articles of the Turkish Penal Code of anyone giving false information to the cooperatives and anyone acting in violation of public directives.

Authorities point out that there are now around 20,000 construction cooperatives in Turkey and note that these cooperatives operate under the terms of the cooperatives law which became effective in 1969, that, in practice, the cooperatives have no effective oversight and that reports of wrongdoing can be investigated only after considerable delay.

8349

CSO: 3554/4

MARCHAIS ON NEAR EAST, LIBERATION MOVEMENTS

Paris L'HUMANITE in French 13 Sep 82 p 9

[Speech by Georges Marchais; time and place not specified]

[Text] Dear friends and comrades, representatives of the press, members of communist parties, and representatives of national and democratic movements:

Allow me first of all, on behalf of all French communists and the workers of France, to assure you of our active solidarity in our common struggle for freedom, social progress and peace.

Naturally we are all operating in very different situations. But--as experience has shown in the past and will confirm in the future--wherever they may be in the world, and whether they are fighting against colonialism, racism, fascism, capitalism, or underdevelopment, or building a socialist society in diverse and complex situations, the peoples of the world have always found, and will always find, the French Communist Party and its newspaper, L'HUMANITE, at their side.

For a Just Peace in the Middle East

Everyone will understand that at the outset of this speech I wish to extend an especially warm welcome to the Palestinian and Lebanese peoples, to the PLO, and to the National Lebanese Movement.

The Palestinian and Lebanese fighters have just given the world an example of resistance, courage and heroism which cannot but inspire respect. They have fought for a just cause: that of a people's right to a country, their right to live in freedom. They had to face an aggressor with a powerful army which does not shrink from any act of destruction, any massacre, and whose aim was simply the liquidation of the PLO. They had to fight an enemy who had the advantage of the complete support of American imperialism.

Today, 3 months after the outbreak of this aggression, what is that state of affairs?

As everyone can ascertain, nothing has been settled. The Palestinian problem is more acute than ever; the Lebanese crisis has worsened.

And yet there are solutions which could lead to a just peace in the Middle East. They are known. And I wish to take this opportunity to confirm the fact that, for our part, we shall take every initiative, at the national and international levels, to achieve the recognition of the Palestinian people's right to its own independent state and the participation of the PLO--the sole legitimate representative of that people--in all negotiations.

We shall spare no effort to obtain the evacuation of Israeli troops from Lebanon, the restoration of its unity, independence and territorial integrity, and the maintenance of its democratic traditions.

In this connection we welcome the plan for a solution proposed by the Arab League; we believe it can open the way to a lasting peace in the Middle East.

We know that the peoples in the region expect a lot of France. We are convinced that France can make a contribution to the search for the peaceful solution they hope for. For our part we shall spare no effort to achieve this end. It was in this spirit that I repeated my invitation to Yasir 'Arafat to visit our country.

#### The Class Struggle is World Wide

This being said, the events in the Middle East cannot help but lead us to reflect about the international situation as a whole. Efforts should be made to determine the nature, to make it more effective, of the action which is needed today, we believe, both at the national and the international levels, on behalf of the right of peoples to self-determination, of the establishment of a new world political and economic order, of disarmament through a balanced reduction of arms which ensures the security of states and peoples, of peace, of peaceful coexistence, and of international cooperation in the mutual interest of all peoples.

At our 24th congress we analyzed the changing relationships among forces on the international scene. We emphasized the fact that in today's world, imperialism can no longer do as it pleases and lay down the law everywhere and in all circumstances. We are convinced that this assessment of the facts is still absolutely correct. Due to their weight and influence, the socialist countries are an important leverage point for the struggles of peoples and a bastion against warmongers who would like to plunge into nuclear adventurism. At the same time, the struggles of emancipating forces are progressing and succeeding.

But, as we also stressed at our congress, the class struggle is worldwide. The change which has taken place in the relationship of forces, in favor of peace, independence, democracy and socialism, can work in favor of these forces only if they act effectively. Each of their advances is, by necessity, "the state of a formidable combat."

Imperialism has suffered important setbacks. Its system of domination is afflicted by a profound and lasting crisis. But let us not deceive ourselves; it is not stalling by passively in this situation. It is fighting, with all the means at its disposal, to oppose the struggles of peoples; it is trying to reconquer its lost positions. This is the meaning of the many forms of political, economic and military pressure being brought to bear by American imperialism. We feel that the lessons we should learn from the Middle East conflict should be placed in this context.



## The Problems the Situation in the Middle East Poses for Us

The situation in Lebanon confronts us with serious problems.

The heroism of the Lebanese and Palestinian peoples has enabled the PLO's fighters to leave West Beirut with honor in order to continue their struggle under new conditions. It has also enabled the Palestinian cause to make progress in the world at the political level, as can be seen after the Fez summit. None of these achievements should be underestimated. But this cannot erase the fact that Israel has achieved its objectives in part--the withdrawal of the PLO from Beirut and the dispersal of its leadership--by occupying extensive territories in Lebanon, whose unity is threatened, and by promoting the appointment of its new president.

We must not deceive ourselves on this point: this is a setback which concerns all of us.

Of course the question we must ask ourselves is: how was this aggression able to achieve this result?

In our view, it achieved it for two reasons. As I have already said, it had the benefit of the complete support of the United States. But the Israeli aggression was able to partially achieve its aims mainly because the international community failed to respond to it adequately. We believe that more active solidarity on the part of all forces concerned about the legitimate rights of the Lebanese and Palestinian peoples could have stymied the aggressors at the outset.

## The International Community's Response Falls Short of Requirements

We feel that we should give this matter our consideration, all the more so in that it is not only in the Middle East, through Israel, that American imperialism acts in this way. It also intervenes in Central America against Nicaragua, Cuba, and the patriotic forces of El Salvador, using Honduras. It does the same thing in southern Africa against Mozambique and Angola, with South Africa as its privileged partner. It does the same thing in South East Asia against Vietnam, Laos and Cambodia--which is being reborn--and in so doing it has no compunction about allying itself with those who are perpetrating the genocide of the Khmer people.

We must not deceive ourselves: the response of the international community to this dangerous and aggressive policy now being carried out by imperialism falls short of what is needed and of the capabilities of the forces of peace, freedom and progress.

Likewise, the United Nations is not dealing with this situation as it should. In the Middle East it has been practically paralyzed and has lost much of its credibility. It would be particularly damaging if we were to return to the situation that prevailed at the time of the League of Nations. The United Nations must therefore find ways of playing an effective role: it is in the vital interest of all peoples and all states, including those inappropriately called "small," for the United Nations to be the place where everyone can be heard, with equal rights and obligations, and that it be able to act firmly to promote respect for international law, the sovereignty of nations, and peace.

## We Must Unite and Act

Faced with this situation, what conclusions should we draw?

Of course in our times it is the forces of social, national and human liberation that are advancing in the world, but only on one condition: that they act; that they make their weight felt; that they fully play their role.

We know that there are conflicts of interests among states, but the aspiration of peoples to greater justice, to peace, to independence, to sovereignty, is now a reality which is being forcefully expressed on every continent and which can overcome these conflicts.

Proof of this is imperialism's discomfiture before the big movement taking shape in favor of disarmament, and the campaign of hatred and defamation it is trying to organize against those who, with all diversity of opinion set aside, are rising up to express their wish to act, starting now, to build a world without arms and without war.

Of course it is understandable that the multinational corporations, which profit enormously from fabulous arms contracts, are trying to justify the escalation of the race for means of extermination. But on the other side it is even more understandable that those suffering from unemployment and all sorts of difficulties, those suffering from underdevelopment and hunger, should join forces and demand that the resources now being swallowed up by preparations for death should be devoted to life and human progress.

And so a motto should be adopted by all those forces in the world wishing to work for peace, freedom, justice, and man's happiness: we must unite and act in each country; we must unite and act internationally.

It is possible to meet and act together to preserve mankind from a nuclear war and make the world progress along the road to disarmament and peace. It is possible to reach an understanding so that the right of each people, of each individual human being, to choose their own destiny and way of life, in complete sovereignty, will be recognized. It is possible to unite so that new relationships may be established all over the planet, founded on justice, independence, solidarity, and democracy, banishing hunger, exploitation and all forms of slavery: in a nutshell, to establish a new world political and economic order.

Thus we are profoundly convinced that common goals exist, and there are forces to ensure their triumph in each country and at the international level. The union of these forces is not only possible, it is our most urgent responsibility.

In this connection, our 24th congress set forth particularly clearly our conception of the new internationalism consistent with our times.

We French communists have an unambiguous strategy: we are acting to build, in France, a new, profoundly original society thoroughly adapted to our people's needs, tastes and aspirations: what we call French-style socialism. This

original nature of our strategy, this complete independence of our party, are dear to us: the apple of our eye. When we have occasional differences of opinion, or differ from other communist parties about various matters, we make no attempt to hide these differences.

At the same time our congress was categorical: we intend to do everything in our power so that communists in all countries--men and women of progress, justice, the independence of peoples, and peace--may meet and act in various ways to promote their major common objectives.

Yes, we wish to collaborate with all communist parties and workers from all the socialist countries, without any exceptions!

Not only is the diversity of the conditions we are fighting in, of our experiences in the struggle, of our national objectives, no obstacle to the efforts which must be made to assemble the large forces we represent; this diversity, once accepted, these differences, when openly expressed and calmly discussed, these new relations between us based on mutual respect, independence and non-interference develop international solidarity on clearer, more effective bases, to make revolutionary ideas progress, and to act together on behalf of our humanist objectives. Now, more than ever, communists should be in the vanguard of this great combat; that is the ambition guiding the French Communist Party.

Our congress also affirmed unequivocally that we communists have no intention of monopolizing this combat.

#### Act With Everyone

We intend to act together with all revolutionary and progressive movements and parties fighting for the political, economic and social emancipation of their countries in Africa, Asia and Latin America.

We intend to act with the socialist and social democratic parties, in particular in Europe, to save our continent from a nuclear conflagration.

We intend to act with all believers, with all young people, with all those who wish to give top priority to the same compelling need which can draw them together: the need to seek peace and the security of nations in negotiated reduction, rather than escalation, of armaments.

Nothing is more urgent, more indispensable, than this union and this action; this is one of the major lessons we draw from the events in the Middle East. We shall discuss it at a coming session of our central committee.

Dear friends and comrades: one last word, to thank you for contributing, with your presence, to the luster of our anniversary celebration for L'HUMANITE, and to ask you to convey the greetings, and best wishes for their success, of all French communists to the organizations which your newspapers represent here.

9855  
CSO: 3100/965

## MARCHAIS ON UN FORCE; BREAKING RELATIONS WITH ISRAEL

Paris L'HUMANITE in French 21 Sep 82 p 6

[Interview with Georges Marchais, PCF secretary general, following his 20 September meeting with President Mitterrand at the Elysee]

[Text] Georges Marchais, secretary general of the PCF, was received yesterday afternoon, at his request, by the president. The conversation, which lasted about one hour, turned to the situation in Lebanon, and particularly to measures to be applied immediately to put an end to intolerable conditions. The PCF secretary general emphasized on leaving the Elysee that Francois Mitterrand and himself had entirely agreed on the imperative necessity of sending an international UN force to Lebanon. At the close of the meeting Georges Marchais made the following statement and responded to journalists' questions.

"We undertook with the president to examine the present situation in Lebanon--which was indeed the object of my request for a meeting. I need not repeat that we found ourselves in agreement in expressing horror at this terrible massacre. But let us say that in our conversation we reserved the essential for the future. And I am pleased to note that there is complete agreement between the president and myself on what appears to us an essential point: that France is prepared immediately to assume all its responsibilities so that a UN international force may proceed to Lebanon.

"The president moreover informed me of military measures already undertaken. Priority, then, is to be given to that UN multinational force. The question is now under discussion in the Security Council. Obviously, if we do not reach agreement in the council, then France would also be prepared to assume its responsibilities in the context of a multinational intervention force. That relates to the tripartite force which has already proceeded to Lebanon. But priority, I repeat, must be given to the UN multinational force. Such is the position of France.

[Question] Enrico Berlinguer yesterday expressed the wish that Italy break diplomatic relations with Israel. Would you say the same?

[Answer] So far as I am concerned, my party has said, in a statement made public yesterday, that the UN Charter must be applied. And it provides--in Articles 41 and 42--that in the event a country fails to implement decisions of the UN Security Council or General Assembly, consideration may be given to breaking diplomatic relations. Now that is precisely the case with Israel, which categorically refuses to apply decisions taken by the UN in the last Security Council sessions.

[Question] There is no divergence between you and the government on this Lebanese question?

[Answer] On the Lebanese question, as I said just now, in the conversation I have just had with the president we found ourselves in total agreement on what should now be done.

6145

CSO: 3519/43



## PCF POLITBURO DECLARATION ON SUPPORT FOR MARCHAIS

Paris L'HUMANITE in French 1 Oct 82 p 3

[Text] The PCF Politburo yesterday made public the following statement:

"The great employers and the avowed right are making use of every means still open to them in order to impede change. With them, the false left advocates retreats and concessions.

"Strengthened by decisions of its recent 24th Congress, and led by the directorate it has democratically given itself, the PCF is determined to act together with workers for social progress and development of a sound and strong French economy.

"Against that are storming those who do not accept the decisions of universal suffrage.

"Recoiling from no infamy, they have been engaged for some days in a campaign as odious as it is ridiculous, on the theme that changes are contemplated in the leadership of the PCF. They go so far as to suggest the possibility of an early renunciation by Georges Marchais of his responsibility as secretary general.

"The Politburo takes this occasion to reaffirm its total unity behind the party secretary general and its determination, together with all communists, to persevere in its activity.

"Opponents of the new policy do not support the action of the PCF or its dynamism in carrying forward the reforms desired by French ~~men and women~~. That too is another reason for continuing to act with determination in the same path."

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CSO: 3519/43

## ALEZARD: DEMANDS FOR WORKER-MANAGEMENT ROLE

Paris LE MATIN in French 7 Sep 82 p 10

[Interview with Gerard Alezard, CGT head of the economic sector, by Jean-Pierre Gonguer; date and place not specified]

[Text] The CGT [General Confederation of Labor] is defending salaries and, despite Pierre Mauroy's recommendations, is still asking that purchasing power be maintained through the end of the year. At the Pantin gate this afternoon, Nenri Krasucki will not stop at that in his post-vacation meeting: he is going to kick off a campaign for workers to be involved in prices; for the former to control the latter, whether at the production or the distribution level. This is a campaign that the other union organizations are not supporting, but which the CGT says it intends to take to the limits; in other words, until the time when joint production committees are able to participate in company management. Gerard Alezard, confederal secretary and head of the economic sector, explains the reasons which brought his union to this position.

[Question] For several months, the CGT has insisted on taking over part of the fight against inflation. To what extent can a union concern itself with the problem of prices and their formation?

[Answer] This is not a new position for the CGT. The existence of a government which is beginning to take steps against inflation today opens up much wider possibilities for us to participate effectively in the fight against the high cost of living. Not only to prepare reports and make denunciations, but to contribute, in our role as a union organization, to the fight against inflation. We have a specific role to play at all levels in setting prices, from production to distribution, to move toward openness and clarity. Truth in prices, and therefore truth in costs, is an essential element in the fight against inflation. Indeed, for us it is not at all a matter of considering the single angle of "price levels," but rather of studying the creation of the elements which constitute prices. We started with the idea that it was necessary to launch an energetic struggle against the causes of inflation, and not just against the effects.

[Question] What led you to adopt the claims which will be at the heart of the action that you want to pursue at the end of vacation?

[Answer] Four major considerations enabled us to define our proposals. First of all, and this is not new, the fact that wages are not responsible for inflation. To the contrary, purchasing power is essential to a recovery of consumption. Then we think that effective and lasting action against inflation requires working on the structural causes, therefore revealing wasteful habits of enterprises, especially at the enterprise level. Thirdly, this action is a precondition for an enterprise management freed of the constraints of capitalist profit and based on a notion of social and economic profitability. Finally, the participation of wage earners in the work place must be a decisive factor in contributing to the struggle. It is therefore necessary to provide them with the means.

[Question] In what way can wage earners and their organizations participate in this price question?

[Answer] One cannot speak of inflation without having as accurate as possible an evaluation of its causes. This is basic. It is now clear that the basic inflationary elements are found at the production level. We must reveal them. Then, how can we speak of citizenship if enterprises do not allow workers to grasp this. It is the unions who must motivate and provide momentum to this participation. But, it is the joint production committees who must have this controlling role. Besides, it is part of their specific and initial vocation, as written in the texts.

[Question] For several months you have been conducting a fight against distribution prices. But, how do you intend to become involved in production itself?

[Answer] At the distribution level, it is fairly easy to figure out the prices. But we are saying that we must go farther, by examining profit margins, management expenses, reserves for inventories, markdowns or the level of imports, for example. These are all elements which call for the wage earner's vigilance. Besides, the actions we have been pursuing for several months show that this intervention is actually effective. As far as production prices are concerned, the joint production committees' economic commissions' right of examination must involve several points. I know that some people have spoken of denunciations or police control in regard to this aspect. It is something quite different: truth and wholesomeness. And for this reason the joint production committees must have access to several items. First of all, the analytic accounts that all enterprises have. Then, permission to study the use of materials and equipment and to see at what point this affects depreciation costs. Also: the cost of imports, financial charges and interest paid to banks (for example, how much weight do these costs have in the price of a product), investment plans, use of public assistance and loans, dividends paid out, exporting of capital or excessive costs. All this corresponds perfectly to the role of the joint production committees and seems to us to be beneficial in all regards. If only to free additional resources for investments. The fight against material, financial and speculative squandering

is a decisive issue in breaking inflation, reviving employment and rehabilitating the economy. The nationalized enterprises have a leading role to play in this area.

[Question] In other words, in the end of the joint production committees could have enough power so that a type of two-headed management would run the enterprises?

[Answer] This is not the danger which awaits us. Rather, the danger would be not applying the basic rights of the wage earners. Today, a simple question on price structures is met with systematic refusal on the part of management. Just wanting to establish a price committee within the joint production committee, completely legally, poses enormous problems. We are not yet threatened by two-headed management.

In the end, two different types of reasoning are going to come face to face nevertheless; one based on seeking a profit, the other taking job development as its major criterion.

There is, it is true, management on the one hand which is freezing investment, abandoning technological innovation, increasing financial squandering, and refusing to create jobs, and a committed policy and our efforts on the other which are aimed at reducing inflation at its source and at guaranteeing effective production.

Indeed, it is necessary to move toward a management which will no longer be subordinated entirely to the capitalist pursuit of profit. During our 41st congress, we made ample reference to this notion of social and economic profitability. This idea is essential if we want to speak of reconquering the domestic market. We are delighted to find the goal of producing in France at the center of government policy. At the time when we were the only ones talking about this, we were accused of chauvinism or xenophobia because we wanted a French industry. When you look at our most recent foreign trade figures, you can see how right we were. A few examples: between 1960 and 1981 the percentage of industrial products imported increased from 9 percent to 26.5 percent. As for imports of consumer goods, they increased from 11.2 percent to 25 percent between 1970 and 1981, and durable goods, from 25.3 percent to 48.8 percent. Our federations are currently preparing an inventory of products which have disappeared from the market due to previous policy and are drafting proposals to put certain products back into production.

[Question] To reconquer the domestic market, there must be strong purchasing power. However, after your meeting with Pierre Mauroy, you only asked for purchasing power to be maintained.

[Answer] Since June, we have clearly maintained that freezing wages was socially unfair and economically dangerous and ineffective. We asked that purchasing power be maintained for all wages under collective bargaining and legislation, and raised for the low wages. We did not want to define a calculated minimum for interprofessional wages. Situations are so diverse that each of the federations sets the ceiling below which it will demand a

substantial increase in purchasing power. For the moment, each of our federations is in the process of calculating delays and losses due to the freeze so that purchasing power will be maintained at the end of 1982. It is quite obvious that if steps were taken against inflation and in pursuit of financial resources by taking the money where it is, the union organizations would take it into consideration. But, in any case, we are asking for purchasing power to be maintained at the end of this year.

[Question] Increases in both ASSEDIC [Association for Promotion of Employment in Industry and Business] and social security contributions, which will cut into wage earners' purchasing power, are possible in the next few months. Do you have any proposals to prevent this?

[Answer] As far as UNEDIC [National Union for Employment in Industry and Commerce] is concerned, the evidence is that a lasting solution is achieved through a significant reduction in the number of unemployed. Having said this, there is indeed an economic problem to be settled. We are asking for two things: first of all, penalization of companies that contribute to unemployment by raising part of the contributions which they pay. These are companies, for example, who vote in solidarity contracts providing for preretirement without employment only to compensate, or those who abuse overtime, or who only have layoffs to "expand." Then, it would seem logical to us for the state to increase its participation and for management's contribution to be raised. If these ideas were considered, we would not be opposed to a moderate increase in contributions. As far as social security is concerned, it is always worthwhile to note that its control has been completely dominated by management. Control which, with the support of the Workers Force, has orchestrated this deterioration of the situation. Next year workers will be more heavily represented in the councils, which is a good point even if we feel that the reform should have gone further. We made the proposal to take added value into consideration in contributions, but I will indicate two directions in which we must move without waiting to absorb the deficit. In the first place, management debts, which have tripled in 1 year, from 9 to 28 billion. Of course, not everything can be recovered, but this is an illustration of management's deliberate action to do anything to obstruct government policy. Secondly, there are savings to be made. A single example: official figures show that just by "conditioning" medication, 10 billion in social security charges could be avoided. This is only one possibility. Finally, we are recalling that it has always seemed logical to us that work-related diseases be paid for by management.

The workers have their word to say in all of this. They can weigh heavily in the balance and counter the pressures of management and the Right.

This is the direction that we are giving to the CGT's initiative for the end of vacation.

9693

CSO: 3100/967



## STRATEGIC NAVAL FORCE'S COMMAND, DUTY PATTERN, MAINTENANCE

Paris COLS BLEUS in French 2 Oct 82 pp 5-8

[Article by Captain Cazenave]

[Excerpts] The Strategic Naval Force (FOST) is the principal component of the Strategic Nuclear Force, alongside the 36 operational Mirage IV bombers and the 18 ground-to-ground missiles of the Albion Plateau.

It is under the orders of a general officer who also has command of the attack submarines. This arrangement ensures the maintenance of very close bonds necessary for development of the experience and training of the submariners.

The commanding officer of the Strategic Naval Force (ALFOST) comes under:

- the chief of staff of the Armed Forces, for operational command of the missile-launching nuclear submarines (SNLE's);
- the chief of staff of the Navy for organic command of these submarines and of their means of support.

This general officer is directly responsible to the top governmental authorities (chief of state, prime minister and minister of defense) for everything regarding the use and security of the SNLE's, in conformity with the provisions of the plans for use of the strategic nuclear force.

The Strategic Naval Force comprises:

- the five SNLE's in active service;
- the experimental submarine "Gymnote," which is carrying out the experimentation connected with development of new weapon systems--currently the M-4 missile--and navigation systems.
- the Operational Base of the Strategic Naval Force;
- a number of command posts and signaling stations.

The submarines in operational service go through a succession of cycles, each of which includes:

- a patrol at sea of 9 to 10 weeks, including a short testing and training phase with the collaboration of the naval air forces;

--a 4-week physical reconditioning at Ile Longue--to be reduced to 3 weeks starting in 1983.

Thus the submarines have more than 250 days at sea per year:

--a crew cannot tolerate so intense an on-duty schedule; thus the French SNLE's, like their English and American counterparts, have two crews each.

--a crew does only one patrol out of two; upon return from sea, it turns the submarine over to another crew, which checks on the reconditioning work at Ile Longue and then does the following patrol.

--after turning the vessel over to the second crew, the first crew goes to the Armed Forces Social Action centers for recuperation for 5 to 6 weeks, then on leave. It is then mustered at the Roches-Douvres Center at Brest and go through an on-land training period of about 6 weeks.

--the personnel do an average of four patrols. After an assignment, they disembark and return to the attack submarines or surface vessels; others take different courses to acquire new qualifications; some remain in the FOST environment to take up instruction or maintenance duties before going on board again; and still others leave the Navy and rapidly find work in sectors in which their qualifications and dedication are highly valued.

--at present, several naval officers have done 12 patrols; this number appears to be the maximum desired by those concerned.

--upon each return to the Roches-Douvres Centers, more than a fourth of the crew is new and has to be trained without a submarine actually being available.

The missile-launching nuclear submarines are based at Brest; they are grouped there in a flotilla under the command of a commodore (COMBOFOST) who has command of the Operational Base at the same time. Thus, COMBOFOST has complementary responsibilities. This concentration of responsibility was started in the attack-submarine flotillas, in which the commanding officers have authority over both the submarines and the bases. It was strengthened by adding, as aides to the commanding officer of the Operational Base, two weaponry engineers of the Directorate of Naval Shipbuilding and Weapons of Brest; these engineers have authority, on the technical and administrative levels, over, respectively, the strategic-missiles shop and the industrial installations of Ile Longue.

The commanding officer of the Operational Base has under his orders the commanding officer of Ile Longue and the commanding officer of the Roches-Douvres Instruction and Training Center.

South of the Brest roadstead, on the Crozon peninsula, are the Ile Longue Base and its Guenvenez annex.

The total group does the reconditioning of the submarines and their weapons by making standard replacements of materiel.

The Ile Longue Base has two drydocks for ship repair and a pyrotechnic section that does the mounting of the nuclear warheads and the vectors.

The Guenvenez annex does the mounting of the operational vectors and the practice missiles; no nuclear material is stored there.

In addition to the crews of the submarines present, Ile Longue has 850 military personnel, nearly 400 of whom are devoted to protection, defense and fire and radiological safety, and about 450 to logistical support of the submarines and the general services of the Base.

The Base also uses the services of 800 civilian cadres and workers of Naval Shipbuilding as well as several dozen specialists of Maritime Works, the Atomic Energy Commission and the SNIAS [National Industrial Aerospace Co (Aerospatiale)].

The reconditioning of the SNLE's in a short time, in which lags cannot be tolerated, has necessitated the development of an original organization in which military personnel and civilian technicians cooperate on each of the numerous functional assemblies of the vessel.

The reconditioning of an SNLE between patrols comprises programmed preventive maintenance and corrective maintenance; very close coordination of the different kinds of work is necessitated by the small volume of the submarines and the safety measures made necessary by the coexistence of a nuclear reactor and the nuclear-warhead weapons kept on board.

The Ile Longue Base, which has been in service for 10 years, has made it possible to take care of more than 110 instances of SNLE unavailability on account of maintenance. No matter what the period of the year (summer or year-end periods) or the nature of the work, the SNLE's have always set sail on the date planned. This is due to the availability, competence and dedication of the military personnel and the civilian personnel of Naval Shipbuilding and Weaponry.

North of the Brest roadstead, in the Brest Naval Yard, is the Roches-Dolores Center.

The complex is devoted to the instruction and training of the SNLE crews and provides the logistical support for the personnel. It includes schools for training on materiel particular to the SNLE's: Missile course, Computer course, and a course preparatory to embarkation on an SNLE. This last-named course is intended to train the personnel in the materiel for which they will be responsible and to prepare them for the watch duties they will have during patrol.

The Center includes a practice-training department, in which are reproduced four of the most complex groups of installations on board: the pilot station, the propulsion station, the operations center and the missile-launching station. The equipment's responses to the operators' maneuvers are very close to reality and are furnished by a program managed by a high-power computer.

The Center provides each submarine with a lodge personalized with the ship's name. In this lodge, the SNLE commanding officer who has just changed more than a quarter of his crew checks its knowledge and uses the Center's facilities to complete its training.

Finally, the Center has barracks and mess halls shared by all the on-board personnel and those undergoing training.

The Roches-Douvres Center is an essential factor in the proper functioning of the FOST, by virtue of the remarkable effectiveness of its simulator facilities for instruction and training, which ensure that the crews' competence remains at the highest level.

To enable the president of the republic to put the FNS [Strategic Nuclear Force] into action, the FOST ensures that direct liaisons between the president and the nuclear submarines are permanently available. For his part, in order to fulfill his operational and organic responsibilities, the admiral commanding the Strategic Naval Force has a number of command posts and signaling stations.

The main command post is installed in a protected zone of the Commandant Mille Center, at the junction of the communes of Houilles and Carrieres-sur-Seine, old quarries that the German Navy had used as a shop for assembling submarine torpedoes. It is installed in a specially protected concrete structure. The other command posts are located with the commanders in chief for the Atlantic and for the Mediterranean.

The command posts have the role of elaborating different information and transmitting it to the submarines--in particular, intelligence about foreign forces at sea, obtained especially because of the presence of the French air and naval forces in all theaters. The different CP's [Command Posts] are linked to the various signaling stations, one of which is at Rosnay in the Indre.

After 10 years of operation, more than 110 operational patrols have been carried out, without any of them having been interrupted. This record demonstrates the exceptional quality of the instrument entrusted to the Navy: the invulnerability of the SNLE's and the power and effectiveness of their weapon system guarantee second-strike credibility.

As of 1985, the "Inflexible" will join the FOST. Equipped with very high-performance materiel and armed with M-4 missiles, it will augment the striking power while at the same time maintaining, in the face of new technologies, the invulnerability of the missile-launching nuclear submarines.

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## PORT CALLS, SHIP ACTIVITIES AT BREST IN LATE SEPTEMBER

Paris COLS BLEUS in French 2 Oct 82 p 21

[Article: "Brest--A Week at Sea"]

[Excerpt] The leave period is indeed over and activity has resumed, in the "Zon-ex" and elsewhere. At least for those who had leave. There are others for whom it was quite difficult: some barely back from Lebanon are preparing to leave for distant oceans. True, sometimes it is better to engage in exciting activity rather than softening idleness. However it may be, the individual or group training, national or multilateral exercises, are again on the program for the ships of Brest. The 8th DEE [Squadron-Escort Division] (the beautiful "Aconit", the lead ship of the division, and the proud "Casabianca," "Maille-Breze" and "Vauquelin") sailed in the middle of September--an exceptional division sortie, for the greater pleasure of the men and for the greatest training good; three dispatch boats of the 2nd DIVAVI [expansion unknown]--the "Detroyat" (on board which C.A. Gauthier made his mark one day), the "Jean Moulin" and the "L.V. Lavallee"--joined for a time in the exercises it carried out.

During this time, the "Northern Wedding" exercise was coming to an end: "Calliope," "Ceres," "Berlaimont" and "Baccarat" on the one hand, and on the other, "Centaure" (administrative convoy escort), worked well before the former went on to Copenhagen and the latter to Esbjerg, for well-deserved port visits. The "Sterne" left Cork for another mission of assistance to the albacore boats in the West Ireland zone, from 15 to 25 September. It had already done a mission of this kind in July, and the "Mercure" did one in August: the Navy could not fail to take an interest in the fishermen. The "Glycine" and the "Reseda" took out the students of the CSEN [Higher Council of National Education]; the "E.V. Jacoubet" crossed the Atlantic between the Azores and Guadeloupe; the "Rhone" finished its individual-training sorties before heading back to Lubeck; the "Commandant Ducuing" did its trials off Lorient, etc: it is impossible to list it all.

We note an instance of pollution reported on 13 September by an aircraft doing conventional surveillance on the approaches to France: a Danish freighter that stopped its discharges as soon as it saw the plane, but that was photographed.



## DUTIES OF 15TH COMMAND, SUPPORT REGIMENT OUTLINED

Paris TAM in French 9 Sep 82 p 16

[Article by Ph. Theard: "15th RCS (Command and Support Regiment): 'Come On In'"]

[Excerpts] All-weapons training the 15th RCS comprises in peacetime supply-service, signaling and materiel units [as published]. Their specialization enables the regiment to provide the 15th Infantry Division with the command and support means that it needs for ensuring liaison, organizing traffic and routing its stores.

## Anticipating Everything

In November every year, the regiment goes off to camp at La Courtine. During this stay, everyone does collective and individual combatant training in company with the other regiments of the 15th Division. But it is on the way back that the missions of the 15th RCS take concrete form in conditions very close to reality. For 4 days, the regiment uses all its operational capacities in a logistical maneuver for the benefit of the entire division. First of all, the radio links between the general staff and its regiments have to be established, and then the traffic on the penetration routes has to be regulated.

For this purpose, two traffic platoons are assigned to facilitate the movements and evacuations while at the same time keeping the command and the users informed about the viability of the road routes.

The two transport platoons, for their part, provide for transport and distribution of fuels, and they deliver the munitions, rations and materiel of all types that are indispensable to the division's regiments.

Everything has to be foreseen and anticipated, and all this demands tentacular organization.

To all these activities there was recently added the task of the division repair group. This elementary repair unit is capable of repairing and providing spare parts for all the materiel put into service in the field. This represents nearly 6,000 items, from complete engines to spark plugs.

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## BRIEFS

AIRCRAFT ON FOCH--The "Foch" left for Lebanon with a large aircraft group: security--Alizes of the 6-F (Nimes-Garons); support--Super Etendards of the 17-F (Hyers) and Etendards (reconnaissance) of the 16-F (Landivisiau); interceptors--Crusaders of the 12-F (Landivisiau); transport--Super Frelons of the 32-F (Lanveoc-Poulmic) and of the 33-F (Saint-Mandrier); liaison--Alouettes of the 23-S (Saint-Mandrier). [Text] [Paris COLS BLEUS in French 2 Oct 82 p 18] 11267

WARSHIPS IN ORIENT--Since 10 June, many French warships have visited the Levant: the aircraft carrier "Foch"; the frigate "Duquesne"; the antisubmarine corvettes "Montcalm," "Georges Leygues" and "Duplex"; the squadron escort "D'Estrees"; the oil-refuelling tanker "Meuse"; the landing-craft carrier "Orage" with two "Edics"; the tank-landing ships "Argens" and "Dives"; the dispatch boat "Premier Maitre L'Her"; the command ship "Rance" (belonging to the Fleet Training Center). The "Orage" is arriving at Brest with an RICM [Marine Tank Infantry Regiment] squadron. On 20 September, the "Georges Leygues," the "D'Estrees" and the "Argens" were staying in the vicinity of Lebanon. [Text] [Paris COLS BLEUS in French 2 Oct 82 p 18] 11267

MIRAGE PRODUCTION SCHEDULE--Mirage 2000/M-53 production rates--In view of the expected development of Mirage 2000 sales, the main industrialists concerned foresee the following production rates starting in 1986: Dassault-Breguet--8 planes per month; SNECMA [National Aircraft Engine Design and Construction Co] --10 to 12 engines per month. [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Oct 82 p 14] 11267

ALPHA JET'S NEW ENGINE--Alpha Jet NG-Larzac C-20 cooperation--A Dassault-Breguet/Dornier Alpha Jet fitted with two SNECMA-TURBOMECA Larzac C-20's of 1,500 kgp [kilograms of thrust] unit power should make its first flight in October or November 1982. [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Oct 82 p 14] 11267

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